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# GOVERNOR'S BUDGET SUMMARY 1987 - 1988

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# GOVERNOR'S BUDGET SUMMARY 1987 - 1988

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Submitted by  
**George Deukmejian**  
Governor  
**State of California**

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to the  
**California Legislature**  
1987-88 Regular Session

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GEORGE DEUKMEJIAN  
GOVERNOR

# State of California

GOVERNOR'S OFFICE  
SACRAMENTO, CA 95814

January 8, 1987

To the Senate and Assembly of the Legislature of California

The 1987-88 Governor's Budget is submitted to you in compliance with Article IV, Section 12 of the State Constitution.

This fifth budget of my administration will allow California to chart further progress in restoring excellence to the basic priorities we must emphasize if California hopes to maintain its competitive edge in the global economy.

For the fifth year in a row, the State Budget is balanced and contains no tax increases. It exercises firm restraint over excessive and unnecessary spending and bureaucracy.

This budget reflects my conviction that we must maintain in excess of a one billion dollar reserve to guard against a further downturn in the economy or unforeseen expenditures and emergencies.

Schools will continue to receive 55 cents of every General Fund dollar, making education California's highest budget priority once again. Programs to assist the poor, sick, elderly, mentally ill and handicapped constitute 30 percent of the budget, an unsurpassed commitment of \$9.3 billion. I am also proposing new funds to improve our transportation network, hasten the cleanup of toxic hazards, and help Californians compete internationally for the jobs and prosperity of the 21st century.

The budget I am submitting for your consideration is a prudent, common sense plan which will foster greater excellence for the people of California without burdening them with excessive government.

I hope you share my budget's commitment to prudence, competitiveness, opportunity and excellence. I am looking forward to working with you in the months ahead to meet these challenges.

Most cordially,

*George Deukmejian*  
George Deukmejian



DEPARTMENT OF FINANCE

OFFICE OF THE DIRECTOR  
SACRAMENTO, CA 95814-4998

GEORGE DEUKMEJIAN, Governor



January 8, 1987

The Honorable George Deukmejian  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

Dear Governor Deukmejian:

I am pleased to submit to you the Governor's Budget for 1987-88.

This budget continues your commitment to the priority areas established during your first term in office: education, public safety, protection from toxic wastes, economic development and fiscal stability. All the priority expenditure programs received significant increases. These increases are a result of improved governmental efficiency and redirection of State resources from lower priority programs.

The overall budget proposal for next year is approximately two percent higher than this year's budget. While this growth is modest, it is consistent with our ability to pay for expenditure increases and reflective of the overall rate of increase in inflation.

The funding levels proposed in the State Budget ensure that essential services are maintained and new initiatives are undertaken to reflect the changing needs of our diverse State.

The 1987-88 Budget keeps faith with your commitment of sound fiscal practices by maintaining a prudent reserve and requiring no tax increases. This commitment to controlling expenditures and maintaining a reserve is consistent with the policies that have rewarded California with the re-establishment of the highest bond rating possible.

This is a balanced budget and stays within the spending limitations as dictated by Article XIII B of the Constitution.

Once again, I take great pride in acknowledging the excellence of the staff members of the Department of Finance. Their dedication and professionalism is unequalled in State service. It is our pleasure to continue to assist you in developing fiscal policies for the State of California.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'J. R. Huff' with a stylized flourish at the end.  
JESSE R. HUFF  
Director of Finance





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# Policy Perspective

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## Accomplishments Of First Four Years

As we embark upon the second term of this Administration, it is beneficial to review the accomplishments of our first term to set the stage for the coming years.

California has witnessed significant growth and change in the past four years. Paramount among these changes has been the rebirth of our education system. Once allowed to deteriorate, we have brought it up to the highest share of the budget in two decades. Just within the term of this Administration, the percentage of the General Fund dollars designated for education has grown from 51.8 percent to 55.1 percent. Over this same period, the State's General Fund resources have increased by \$9.6 billion. Of these additional funds available, \$6 billion has gone to improve our educational programs, while the remaining \$3.6 billion was spread over the remainder of all other State programs. This means that 63 percent—or nearly two-thirds of every new dollar—has gone to improve our education system.

But it takes more than money. Increased funding has gone hand in hand with educational reforms. And they are paying off. Students are spending more time in class, the basics are back, standards are stricter, and test scores are climbing for the first time in many years. We have also addressed the challenge to build more classrooms and renovate our schools with a five-year, four billion dollar school construction plan to ease overcrowding and inadequate conditions.

Substantial funding has also gone to improve our criminal justice system. We've undertaken a \$2.3 billion dollar prison construction program

and increased the number of State law enforcement personnel by nearly 40 percent.

California's laws protecting our air and water have never been stronger or more vigorously enforced. We have doubled the funding for toxic enforcement programs and cleaned up more sites than any administration in history.

We've devoted unprecedented new funds for rebuilding our State's infrastructure—our roads, highways and other public facilities—with a \$35 billion program over the next six years. And we've embarked on the largest State Transportation Improvement Program in history, totaling \$13.8 billion over the next five years.

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***“. . . it takes more than money. Increased funding has gone hand in hand with educational reforms. And they are paying off.”***

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We have forged a new partnership with cities and counties so they can improve the essential services that are so important with our residents. Efforts such as ensuring that mandates set by the State will carry the necessary funds to enact them, guaranteeing a predictable source of funding, and supporting the practice of allowing local government to issue general obligation bonds have added tremendously to maintaining fiscal stability for our communities.

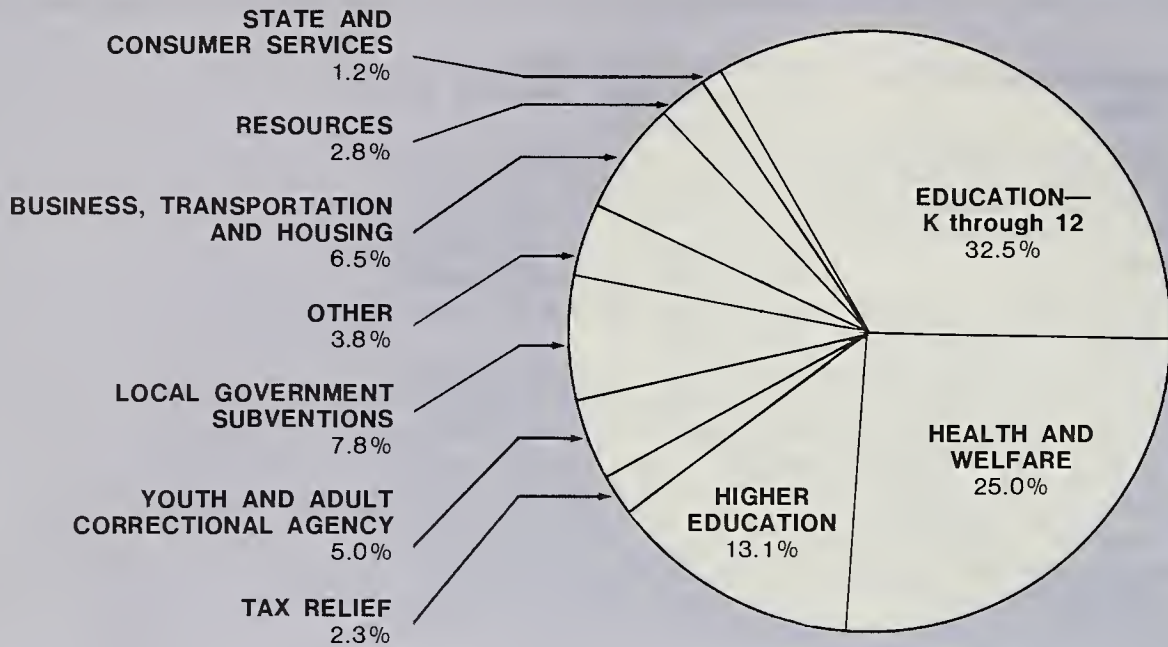
This Administration has initiated several innovative economic development efforts to help our communities grow and prosper and create more jobs. Enterprise zones, our Rural Renaissance program and the tourism promotion campaign and



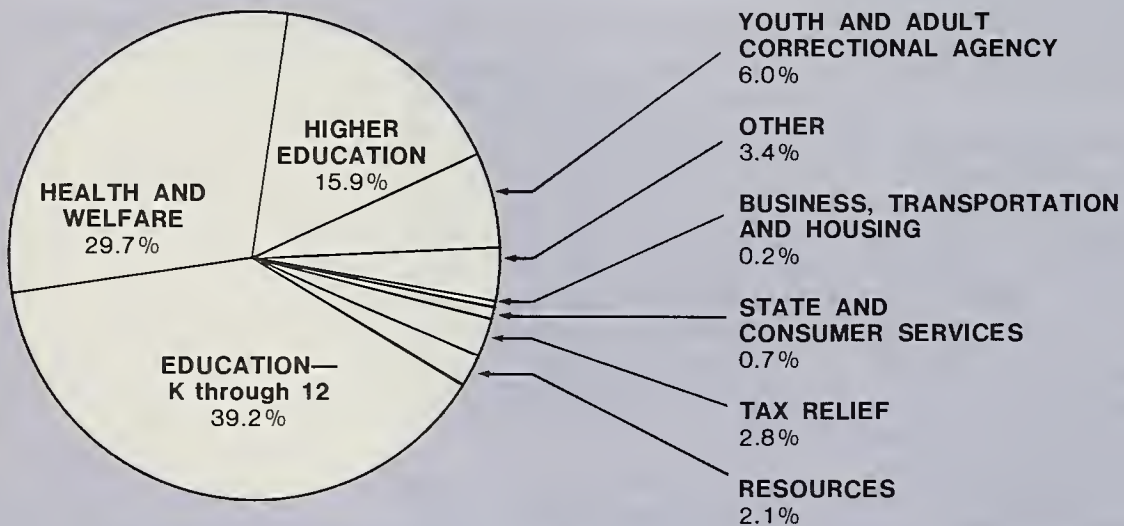
# EXPENDITURES

1987-88 FISCAL YEAR

## TOTAL EXPENDITURES (Excluding Selected Bond Funds)

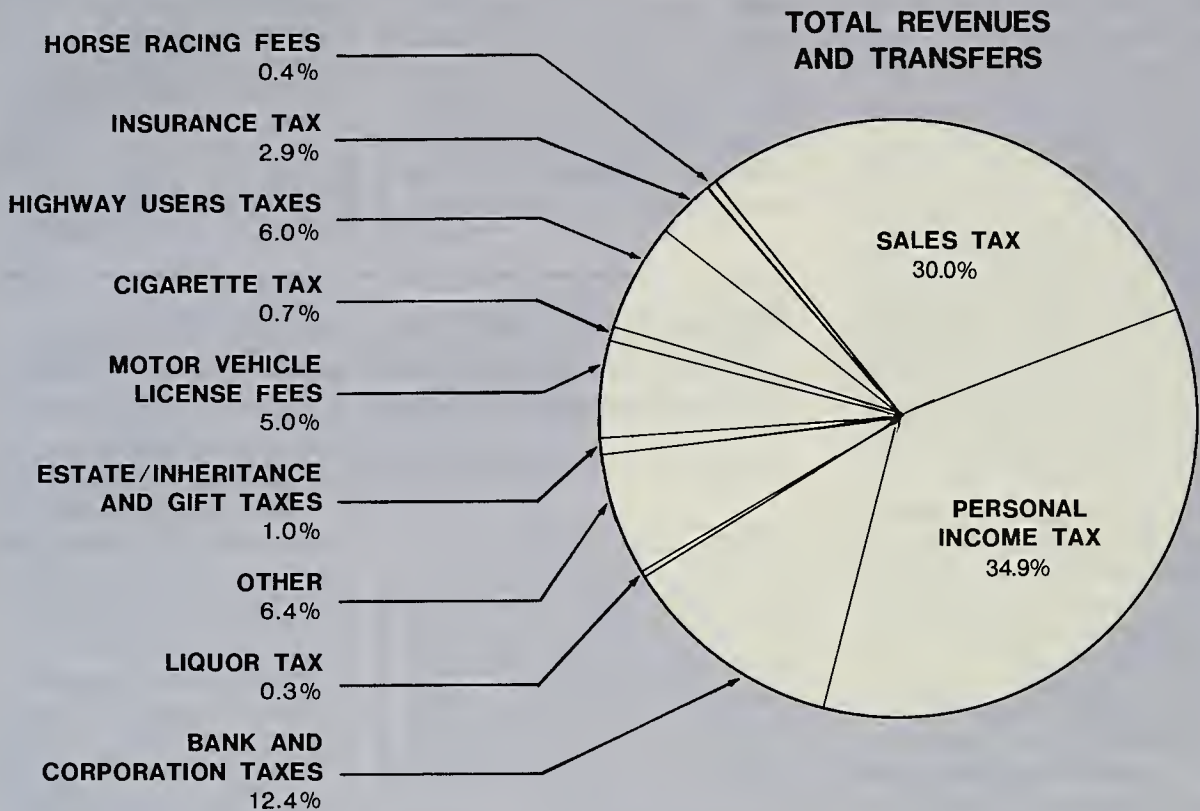


## GENERAL FUND EXPENDITURES

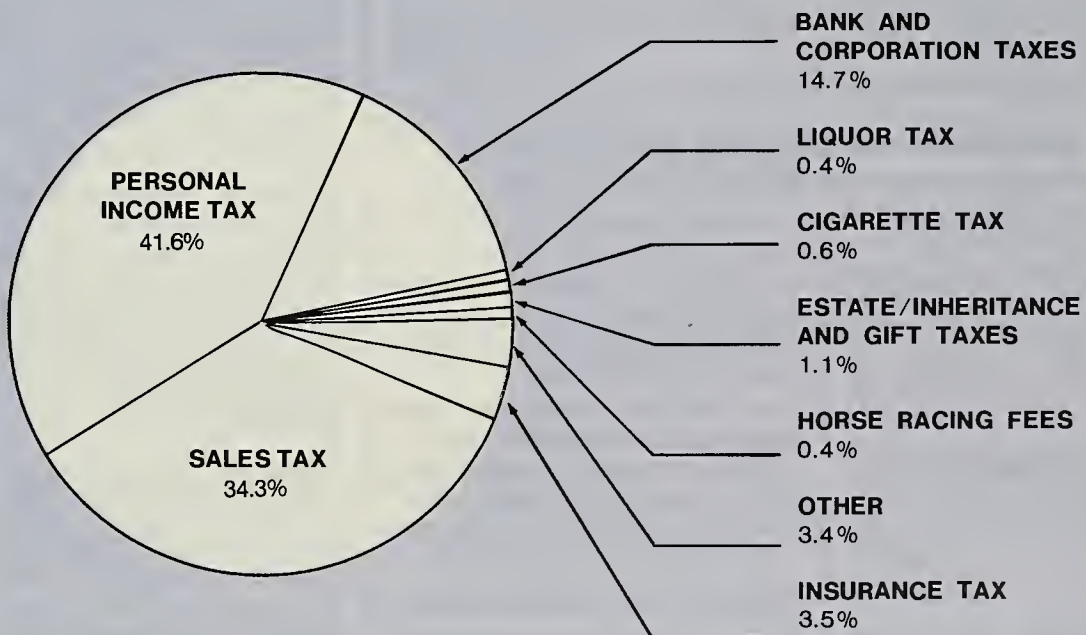


# REVENUES

1987-88 FISCAL YEAR



## GENERAL FUND REVENUES AND TRANSFERS



other grassroots efforts have served to build successful job-creating enterprises in neighborhoods across our State. Over the last four years, over 1.7 million new jobs have been created, half a million new homes have been started and personal income has increased by 35 percent. California is now the number one destination in the nation for major business expansions. We've successfully expanded our foreign trade markets and are opening up trade offices in Tokyo and London to help bring more investment into California. Nearly half of California's high-technology products and three quarters of our agricultural commodities are sold overseas.

We also assist those who need special help. Approximately 30 percent of our State Budget is devoted to those in need, including the elderly, the mentally ill and the disabled. We have launched a historic mandatory workfare program, known as GAIN—Greater Avenues for Independence—to help able-bodied welfare recipients break away from a life of dependency and find productive jobs in the private sector. Under this program, welfare recipients are required to participate in a program that will offer them a broad range of employment and supportive services as a means of achieving economic self-

efficiency and effectiveness of State government operations. Automation has become one of the State's most valuable tools for increasing efficiency and controlling the size and cost of government. Personal computers, automated office systems and distributed networks are being installed throughout State government offices. State government objectives and priorities have been

proved a ballot initiative, Proposition 4, which set a limit on the amount of our state's wealth that government can spend and tax. This limit essentially ties State spending to increases in consumer prices or per capita income plus the growth in our population.

Although high inflation and a sluggish economy in the past has delayed Proposition 4's spending limit

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***"Efforts such as these have contributed greatly to California's movement from ranking as a high tax to a moderate tax state."***

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reorganized to provide only necessary and essential services. We have reduced more than 11,000 personnel years from areas which were not high priority programs or were no longer essential for efficient government operations. As new tasks were required, we looked first at redirecting existing resources rather than augmenting funding levels.

Efforts such as these have contributed greatly to California's movement from ranking as a high tax to a moderate tax state. In 1978 California was ranked 4th in the nation for State and local taxes as a percent-

from being triggered, with today's stronger economic growth and low prices, it is anticipated that the Limit will impact State spending in 1987-88.

Proposition 4 necessitates some significant changes in the way government approaches spending decisions. First, Proposition 4 focuses on tax dollars. It demands that we recognize the fact that most of the money the State spends is derived from its citizens through the State's taxing authority. Furthermore, the Proposition does not make distinctions as to the method of taxation utilized. On the other hand, the proposition is silent with regard to the portion of the State's income that is derived from fees, penalties and other nontax sources.

Secondly, Proposition 4 does not make distinctions on the basis of which unit or level of government actually spends the tax dollars. The Constitution views all of government as a whole and it makes no difference whether a program is funded by State Government or local governments.

Thirdly, as a result of a budget that grows more slowly, Proposition 4 will force decision-makers to choose among competing programs in their allocation of tax dollars. It simply will not permit all programs to automatically grow each year.

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***"... the Administration has made great strides to improve the efficiency and effectiveness of State government operations."***

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sufficiency. Since the program's enactment in 1985, 9 counties are already operational, 20-25 more are expected to come on line by the end of this current year, and up to 56 counties are expected to be operating a GAIN program by close of the budget year. Funding for the full implementation is proposed in 1987-88.

In addition, the Administration has made great strides to improve the

age of income. We have now dropped to 23rd place, according to recently published data.

All of this, and much more, has been accomplished without the necessity of a general tax increase. This Administration brought California out of a deficit situation and turned it into a leadership State.

### **State Appropriations Limit**

Seven years ago, an overwhelming majority of California voters ap-



**Living With the Limit.** This Administration will continue to carry out the people's intent of Proposition 4. Basically, that intent is that the per capita government spending remain constant after taking into consideration inflation. The Administration is not proposing, nor does it intend to support, any modification to the State Appropriations Limit until the law has had an opportunity to be fully implemented.

What the Administration has done, however, is to verify that the Prop-

osition 4 limit has been calculated correctly and understandably. Minor adjustments may be made as a result of this examination, but there has not been, nor will there be, attempts to circumvent the law through "technical adjustments."

The overall trend of this effort will be to decentralize State government

Coupled with this situation, the State was experiencing higher than anticipated expenditures, particularly as a result of increased utilization of Medi-Cal services and a surge in the prison population.

Because it simply is not prudent to allow the depletion of the Reserve with six months left in the fiscal year, the Administration took corrective action. First, the Administration directed all State departments, with the exception of 24-hour care programs, to reduce their General Fund expenditures by two percent for Fiscal Year 1986-87. Second, a 10 percent reduction in Medi-Cal provider rates was ordered. Providers of obstetric and maternity services were excluded, and elective medical services to program beneficiaries were left intact. Further, payments for in-patient hospital and emergency services, as well as nursing home and convalescent hospital services, were exempted. In addition, cost-savings steps were instituted in the Department of Corrections to partially offset its projected budget deficiency.

Beyond these immediate actions, the Administration is undertaking efforts to work with the Legislature and Medi-Cal providers to formulate long-term Medi-Cal reforms. Additionally, the Administration will continue to look within State government for other cost-saving measures to ensure California's fiscal integrity. A number of such measures is proposed in this budget.

It is imperative that the State take whatever steps are necessary to protect California from experiencing another deficit situation. The Administration believes this can be accomplished through cooperative efforts from all facets of State government and the prudent management of our resources.

### **1987-88 Spending Program**

The 1987-88 Governor's Budget proposes a total spending program of \$39 billion, including \$31 billion in General Fund expenditures.

The 1987-88 Budget continues to meet the needs of Californians

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***"It is imperative that the State take whatever steps are necessary to protect California from experiencing another deficit situation."***

---

osition 4 limit has been calculated correctly and understandably. Minor adjustments may be made as a result of this examination, but there has not been, nor will there be, attempts to circumvent the law through "technical adjustments."

As indicated by the law, it is the Administration's responsibility to determine the Limit and then submit it to the Legislature for their review and approval as part of the budget process. The Administration will, however, continue to work with the Legislature and other appropriate groups to insure consistency in methodology and conformity to the law.

**Impact on Government Programs.** As indicated, the Limit still allows for growth equal to that of the combined increase of the Consumer Price Index and population. What reaching the limit means is that public officials are going to be forced to reevaluate ongoing programs to ensure that they are still meeting the public's needs and that they are operating at the optimum level. So while there will continue to be growth in spending, the rate of growth will be much slower than has been experienced in the past.

There are many critical programs, however, that necessitate a growth rate higher than that used to adjust

authority and decision making. With the passage of Proposition 13, a significant level of control was shifted to the State because of the large surplus of revenue. Local government, having lost its ability to generate revenue commensurate with its growing expenditures, looked to the State for financial assistance. Proposition 4 provides the State with the opportunity to return this control back to local government.

### **1986-87 Budget Adjustments**

In December 1986, the Administration found it necessary to make some mid-year adjustments to insure the State's fiscal soundness. These budget adjustments were necessitated by two factors—a revision of the current year revenue forecast as a result of a slowing economy, and the occurrence of unanticipated expenditure increases.

Due to significant changes in the economy at both the national and State levels, the Department of Finance, at that time, projected that revenues could be down as much as \$500 million on June 30, 1987. This shortfall was attributed primarily to the weaker economy and the resulting dropoff in sales tax and bank and corporation tax revenues.

while living within its spending limits. Actions taken by the Governor in the current year to ensure that the State would not face a budget deficit will be carried over, in some part, into the budget year. The two percent reduction in General Fund expenditures for the current year will be lessened to one percent for the 1987-88 Budget Year.

Even with spending cuts in some areas, and only a modest increase in overall spending, substantial reforms and significant improvements will be undertaken in priority areas. Foremost among these is the shift of control back to local government. The Administration is proposing two programs. The first is intended to allow local government to retain local discretionary funding, and the second will increase local authority in determining how and at what level funding should be provided for

We are also proposing to expand our foreign trade efforts to open up new markets and create additional jobs for our citizens. We must work to protect California's international

example, additional funds are provided to help seniors receive in-home care so they can maintain a life of freedom and independence. A Children's Initiative is proposed to

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***"This Administration will work to ensure that California remains committed to good government and prosperity for all Californians."***

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stature as a dominant economic force.

The Administration will be undertaking a major transportation initiative to keep up with the needs of an expanding and mobile society. This initiative will involve expending additional State highway funds, vigorously seeking enactment of needed federal highway legislation, working

ensure that our most vital resource is afforded the opportunity to grow up in a healthy and caring environment. And work continues in an effort to find a cure for the deadly disease AIDS and the debilitating effects of Alzheimer's disease.

The need to maintain an adequate reserve fund to protect California in changing economic situations will continue to be a budget priority. The Reserve Fund is proposed at over one billion dollars.

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***"Even with spending cuts in some areas, and only a modest increase in overall spending, substantial reforms and significant improvements will be undertaken in priority areas."***

---

certain programs.

Education will continue as the Administration's number one spending priority. For the second year in a row, 55 percent of all General Fund resources will be devoted to improving the quality of all levels of education. Even with the State's limited resources, education will experience a 4.5 percent increase in total funding over the current year, and a 57 percent total funding increase over the 1982-83 level. Additionally, an effort is underway to build more schools and reduce the overcrowding in our classrooms.

Our criminal justice programs will be strengthened through efforts such as the 50 percent increase in narcotic agents to help rid our communities of dangerous drug activities and continuation of our prison expansion to house the ever-increasing number of inmates.

with local governments where local initiatives have been undertaken and increasing Caltrans' staff to accelerate projects.

Funding for our toxic cleanup efforts will be increased to the highest level ever. The State will continue to take the lead role in coordinating efforts with local governments to ensure California's environment is free of hazardous toxic elements.

And for those who are in need of assistance, they will continue to receive help. The 1987-88 budget devotes 30 percent of its total funds to help the disadvantaged, sick, handicapped, elderly and young. For

## **Looking Toward The Next Four Years**

This Administration will work to ensure that California remains committed to good government and prosperity for all Californians. The priorities established during the first term—fiscal stability, education, public safety, protection from toxic wastes, and economic development—will continue. Program commitments will be maintained and new programs which strive to improve the quality of life for all our citizens, such as our California Children's Initiative, will be initiated.

This Administration will continue to carry out the mandate of the people by living within the limits of government spending. And now that the Federal Government has completed its work on tax reform, it is time for tax reform at the State level. The

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***"This Administration will continue to carry out the mandate of the people by living within the limits of government spending."***

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Administration will work to enact a tax plan in California which will simplify tax return preparation, eliminate loopholes to insure fairness to all citizens and maintain an equitable sharing of the tax burden without creating a tax increase for Californians.

If California is to continue to set the pace for the nation and ensure a prosperous future for a growing population, the the State must embark on a concerted campaign to compete in the global economy. Strengthening California's competitive edge by achieving greater excellence in fundamentals such as education, transportation, toxic protection and public safety is the primary second-term agenda of this Administration.

**Table 1-1**  
**1987-88 Expenditure Dollars**  
**(In Millions)**

<i>Function</i>	<i>General Fund Expenditures</i>	<i>Special Fund Expenditures</i>
Education (K-12) .....	\$12,244.3	\$79.5
Health and Welfare .....	9,295.0	177.6
Higher Education .....	4,969.0	4.0
Business, Transportation and Housing .....	73.8	2,391.4
Tax Relief .....	863.4	-
Local Government Subven- tions .....	0.5	2,940.9
Youth and Adult Correction Agency .....	1,873.4	26.6
Resources .....	667.7	402.0
State and Consumer Services .....	211.8	252.4
Other .....	1,064.7	391.1
Total .....	\$31,263.6	\$6,665.5

**Table 1-2**  
**1987-88 Revenue Dollars**  
**(In Millions)**

<i>Source</i>	<i>General Fund Revenues and Transfers</i>	<i>Special Fund Revenues and Transfers</i>
Personal Income Tax .....	\$13,200	-
Sales Tax .....	10,898	\$477
Bank and Corporation Taxes .....	4,675	10
Highway Users Taxes .....	-	2,302
Motor Vehicle License Fees .....	-	1,891
Insurance Tax .....	1,106	-
Cigarette Tax .....	180	77
Liquor Tax .....	134	-
Estate, Inheritance and Gift Tax .....	367	-
Horse Racing Fees .....	116	27
Other .....	1,066	1,328
Total .....	\$31,742	\$6,112

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# State Appropriations Limit

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## History and Basic Provisions

In November 1979 the people approved a revolutionary concept in government—that there should be an annual limit on the amount of tax dollars spent. This limit can be adjusted for inflation and population growth, but basically it places a ceiling on the amount of tax dollars spent per person in this State equal to that spent in 1978–79.

All tax revenue received must either be appropriated or returned to the taxpayers. Any funds not otherwise appropriated are appropriated annually to the Reserve for Economic

Appropriations to reserves count against the Limit in the year in which they are made and expenditures from reserves in subsequent fiscal years are not subject to the Limit. Similarly, expenditures from specific appropriations made in prior fiscal years do not count since the full amount of the appropriation was counted in the year it was made.

Table 2-1 displays the history of the Limit and the appropriations subject to it. As indicated in the Table, the 1987–88 Budget Year appropriations are \$80 million below the level of the Limit. High inflation which existed in the late '70s and early '80s caused the limit to grow considerably faster than tax revenues and, therefore, appropriations subject to the Limit. Lower inflation over the past two–three years has allowed the gap to close relatively fast.

## Limit Calculation

The Limit is based on tax revenues actually appropriated in 1978–79. The Limit is adjusted annually for inflation using the U.S. Consumer Price Index (CPI) or California Personal Income, whichever is less. The Limit is also adjusted annually for population growth. Table 2-2 displays the factors for 1980–81 to date. In addition, the Limit is adjusted for shifts in financial responsibility between entities of government and for shifts of funding source for programs to fees. Shifts of financial responsibility have resulted in a net cumulative reduction on the State's Limit of \$114 million (as of 1986–87).

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*“In November 1979 the people approved a revolutionary concept in government—that there should be an annual limit on the amount of tax dollars spent.”*

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Uncertainties in each fund.

Technically, appropriations are what is subject to the Limit, not expenditures per se. There are, however, some appropriations which are not subject to the Limit. Basically, these are expenditures over which policymakers have little discretion. These include debt service, expenditures of the proceeds of voter-approved debt and debt which occurred prior to Proposition 4, and appropriations to comply with federal and court mandates.

Because the Limit applies to all government within California, monies transferred from one unit of government to another are subject to the Limit only once. Appropriations without restrictions on their use to local government are considered tax proceeds for the local entities and not the State.



## Appropriations Subject to the Limit

Starting with expenditures from the General Fund and Special funds, as displayed on Schedule 9, Table 2-3 displays the major adjustments needed to calculate appropriations subject to the Limit. Each line of adjustment is explained in the following paragraphs.

**Funds.** For purposes of simplification, the funds of the State have been examined to determine which ones contain tax proceeds. Those funds determined not to contain tax proceeds are excluded from all calculations concerning appropriations subject to the Limit. The special funds which currently contain tax proceeds are footnoted in the fund condition statements in the 1987-88 Governor's Budget and are listed in Table 2-6.

**Non-tax Revenues.** Funds which contain tax proceeds may also receive fees and other types of revenue that are not taxes. These are assumed to be fully appropriated in the year of receipt and are deducted from the appropriation totals of the funds otherwise subject to the Limit. Specific appropriations are not made from these non-tax revenues for they are considered to be fully intermixed with the other tax revenues in the funds. Table 2-4 lists non-tax revenues deducted from total expenditures.

**Purposes of Expenditure Not Subject to the Limit.** Table 2-5 lists amounts currently deducted from total expenditures which are appropriated for purposes not subject to the Limit. The Limit specifically exempts:

- Money spent for debt service on voter-approved debt and debt existing when the Article was adopted.
- The appropriation of bond proceeds.
- Money appropriated in a prior fiscal year and still available for expenditure. This appropriation was counted as subject to the Limit in the initial fiscal year.
- Funds granted as subventions to local government without restrictions on use are subject to local limits and not the State's limit.
- Expenditures in compliance with Federal and court mandates (for purposes of the State's calculation, only mandates fiscally effective after the 1978-79 base year are recognized).
- Loan repayments that are reflected in the negative.

**Reserves.** Appropriations to reserve accounts count in the year in which they are made. Appropriations from reserves do not count and are deducted from the total of expenditures as shown in Table 2-6.

**Savings.** Some appropriations are not fully expended and thus are not reflected in the expenditure totals used in the Governor's Budget. Similarly savings from non-Budget Act appropriations are added to expenditure totals.

## Refinements to the Limit

**Definitional Changes.** The 1987-88 Governor's Budget contains important refinements in the methodology for determining appropriations subject to the Limit and the Limit

itself. Funds and revenue sources have been reexamined to verify if they contain tax proceeds. The Department of Finance has improved their ability to more frequently estimate appropriations subject to the Limit. None of these changes, however, represent a significant alteration to the philosophy used in past years to determine appropriations subject to the Limit, but signifies an attempt to insure, as closely as possible, conformity with the intent and letter of the law.

**Changes in Major Components.** Table 2-7 shows the changes in significant components of the appropriations subject to the Limit. For simplification, mandates and some definitional changes are recognized beginning in 1986-87 regardless of when they may have had their first budgetary impact.

**Expenditures Subject to the Limit By Program.** Table 2-8 shows expenditures subject to the Limit by agency. Distribution of the actual net appropriations subject to the Limit by program is not possible because non-tax revenues and appropriations to and from reserves are not appropriated by agency or department.

**Table 2-1  
State Appropriation Limit  
(In Millions)**

	1978-79 Base	1979-80	1980-81 Limit	1981-82 Limit	1982-83 Limit	1983-84 Limit	1984-85 Limit	1985-86 Limit	1986-87 Limit	1987-88 *
State Appropriation Limit . . . . .	\$12,564	\$14,195	\$16,237	\$18,030	\$19,593	\$20,369	\$21,740	\$22,962	\$24,159	\$25,273
Appropriations Subject to Limitation . . . . .	—	—	—15,535	—16,872	—16,154	—17,737	—20,822	—22,467	—23,738	—25,193
Amount Under Limit . . . . .	—	—	\$702	\$1,158	\$3,439	\$2,632	\$918	\$495	\$421	\$80

\* Budget as introduced.

**Table 2-2**  
**Income, Population and Price Percentage Change Factors**

<i>Price Factor</i>	<i>1979-80 Actual</i>	<i>1980-81 Actual</i>	<i>1981-82 Actual</i>	<i>1982-83 Actual</i>	<i>1983-84 Actual</i>	<i>1984-85 Actual</i>	<i>1985-86 Actual</i>	<i>1986-87 Actual</i>	<i>1987-88 Estimated</i>
U.S. Consumer Price Index, Urban, All items (1967=100) . . . . .	10.2	14.7	10.6	6.8	3.7	4.7	3.7	2.3	2.6
Price Factor if limited by growth in per capita income . . . . .	12.5	12.1	9.1	12.0	2.4	6.5	11.5	4.1	4.2
California Civilian population, January 1 . . . . .	2.1	2.0	2.1	1.8	2.0	1.9	1.9	2.9	2.0
Limit: Price factor times population . . . . .	12.5	14.4	11.4	8.7	4.4	6.7	5.7	5.3	4.6

**Table 2-3**  
**Appropriations Subject to the Limit**  
**(In Millions)**

	<i>1985-86</i>			<i>1986-87</i>			<i>1987-88</i>		
	<i>General Fund</i>	<i>Special Fund</i>	<i>Budget Total</i>	<i>General Fund</i>	<i>Special Fund</i>	<i>Budget Total</i>	<i>General Fund</i>	<i>Special Fund</i>	<i>Budget Total</i>
TOTAL EXPENDITURES * . . . .	\$28,841	\$5,191	\$34,032	\$30,890	\$5,950	\$36,840	\$31,264	\$6,666	\$37,930
Expenditures from funds not subject to limit. . . . .	—	—991	—991	—	—1,227	—1,227	—	—1,115	—1,115
Education Subventions . . . . .	—6,821	—	—6,821	—7,230	—	—7,230	—7,388	—	—7,388
Other Subventions . . . . .	—551	—1,527	—2,078	—408	—1,665	—2,073	—390	—1,869	—2,259
Debt Service . . . . .	—560	—3	—563	—538	—5	—543	—617	—5	—622
Mandates . . . . .	—	—	—	—622	—	—622	—651	—	—651
Carryovers . . . . .	—18	—63	—81	—131	—111	—242	—4	—103	—107
Other excluded . . . . .	5	5	10	7	2	9	19	—	19
Subtotal, Expenditures Subject to Limit. . . . .	\$20,896	\$2,612	\$23,508	\$21,968	\$2,944	\$24,912	\$22,233	\$3,574	\$25,807
Revenues Not Subject to Limit. . . . .	—692	—114	—806	—780	—117	—897	—692	—123	—815
Appropriations to and from Reserves . . . . .	—946	114	—832	110	—391	—281	483	—282	201
Savings . . . . .	431	166	597	1	3	4	—	—	—
Appropriations Subject to Limit . . . . .	\$19,689	\$2,778	\$22,467	\$21,299	\$2,439	\$23,738	\$22,024	\$3,169	\$25,193

\* From Schedule 9

**Table 2-4**  
**Non-Tax Revenues in Funds Subject to Limit**  
**(In Millions)**

<i>Revenue</i>	<i>1985-86</i>		<i>1986-87</i>		<i>1987-88</i>	
	<i>General Fund</i>	<i>Special Funds</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>General Fund</i>	<i>Special Funds</i>
Drivers license fees .....	—	\$68.5	—	\$70.0	—	\$73.6
Identity card fees .....	—	4.9	—	5.4	—	6.0
Highway carrier uniform business license tax .....	\$4.3	—	\$4.4	—	\$4.5	—
Off-highway vehicle fees .....	—	2.9	—	3.4	—	3.9
Liquor license fees .....	13.7	—	17.8	—	18.1	—
Other regulatory taxes .....	0.6	—	0.3	—	0.3	—
Elevator & boiler inspection fees .....	0.1	—	0.1	—	0.1	—
Industrial homework fees .....	*	—	*	—	*	—
Employment agency license fees .....	0.4	*	0.4	*	0.4	*
Employment agency filing fees .....	0.1	—	*	—	*	—
Domestic corporation fees .....	4.6	—	4.9	—	5.1	—
Foreign corporation fees .....	1.9	—	1.9	—	1.9	—
Notary public license fees .....	0.6	—	0.6	—	0.7	—
Filing financing statements .....	1.3	—	1.4	—	1.6	—
Candidate filing fee .....	0.3	—	—	—	0.3	—
Explosive permit fees .....	—	—	*	—	*	—
Other regulatory fees .....	7.3	0.4	8.6	1.4	12.0	1.4
Other regulatory licenses & permits .....	20.7	4.0	27.4	4.4	27.9	4.8
Uninsured Motorists Fees .....	5.5	—	—	—	—	—
County costs, mentally ill patients .....	25.1	—	27.0	—	29.0	—
Pay patients board charges .....	33.1	—	25.7	—	27.4	—
State Fair Pari-Mutuel Wagering Fees .....	1.5	—	—	—	—	—
Parking Lot Revenues .....	1.9	—	0.3	—	0.1	—
Fire prevention & suppression .....	16.1	—	0.5	—	0.5	—
Sale of documents .....	0.5	0.6	0.4	0.6	0.4	0.6
General fees, Secretary of State .....	5.9	—	5.9	—	6.2	—
Guardianship fees .....	*	—	0.1	—	0.1	—
Miscellaneous services to public .....	4.6	17.8	4.5	18.9	4.8	19.9
Health care deposit fund receipts .....	28.7	—	38.8	—	28.0	—
Medicare receipts, federal government .....	12.4	—	8.1	—	8.1	—
California State University fees .....	270.1	—	251.8	—	290.9	—
Federal land royalties .....	—	9.6	—	8.2	—	8.2
School land royalties .....	*	—	2.3	—	2.4	—
State land royalties .....	16.5	—	32.0	*	14.8	*
Proceeds, estates of deceased .....	*	—	1.7	—	1.7	—
Abandoned property .....	*	—	50.7	—	55.8	—
Escheat, unclaimed checks/warrants .....	*	—	2.2	—	2.4	—
Forestry nursery sales .....	0.3	—	0.4	—	0.4	—
Penalty assessments .....	5.2	—	5.4	0.3	5.4	0.3
Civil & criminal assessments .....	—	—	*	—	*	—
Revenue anticipation note interest .....	172.0	—	153.0	—	99.0	—

(continued)



**Table 2-4—Continued**  
**Non-Tax Revenues in Funds Subject to Limit**  
**(In Millions)**

<i>Revenue</i>	<i>1985-86</i>		<i>1986-87</i>		<i>1987-88</i>	
	<i>General Fund</i>	<i>Special Funds</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>General Fund</i>	<i>Special Funds</i>
Transfers:						
Environmental License to Motor Vehicle Acct.....	-	4.4	-	4.7	-	4.7
Driver Training to General Fund .....	17.5	-	19.3	-	21.5	-
EDD Contingent to General Fund .....	6.7	-	3.3	-	9.5	-
School Employee to General Fund .....	-	-	93.8	-	-	-
Unpaid Wage to General Fund .....	0.6	-	0.8	-	0.8	-
Forestry Resources to General Fund .....	1.5	-	1.5	-	3.9	-
Racetrack Security to General Fund .....	1.1	-	1.3	-	1.3	-
Energy and Resource Fund to General Fund .....	0.9	-	0.9	-	1.0	-
Energy and Resource Fund to Energy Conservation Assistance Account .....	-	0.9	-	-	-	-
Local Public Prosecutors and Defenders Training Fund to General Fund .....	0.3	-	-	-	-	-
Asbestos Workers Account, Uninsured Employers Fund to General Fund .....	1.0	-	-	-	-	-
Federal Revenue Sharing to General Fund .....	0.3	-	-	-	-	-
Local Public Entity Employees' Fund to General Fund .....	6.7	-	-	-	-	-
Special Account for Capital Outlay to General Fund .....	-	-	-	-	3.4	-
TOTAL .....	\$691.9	\$114.0	\$799.5	\$117.3	\$691.7	\$123.4

\* Less than \$0.1 million.

**Table 2-5**  
**Amounts Excluded as Debt Service,**  
**Subventions and Mandates**  
**(In Millions)**

<i>Budget</i>	<i>Fund</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>
Debt Service				
9600 Bond Interest and Redemption ..	General	\$452	\$538	\$617
4260 Ch. 376/84 Toxics Bonds .....	Hazardous Waste Control	3	5	5
Subventions				
6100 K-12 Apportionments .....	General	5,685	6,024	6,234
6100 County Offices .....	General	90	101	99
6870 Community Colleges .....	General	1,046	1,105	1,055
9100 Tax Relief .....	General	452	359	364
9210 Local Govt. Financing .....	General	99	48	25
9350 Shared Revenues .....	Mobilehome License Fee	17	16	16
9350 Shared Revenues .....	Motor Vehicle License Fee	1,429	1,572	1,776
9350 Shared Revenues .....	Cigarette Tax	81	77	77
Mandates				
6100 K-12 Desegregation .....	General	-	268	268
6300 Contributions to STRS .....	General	-	354	383

**Table 2-6**  
**Appropriations to/from Reserves by Fund**  
**(In Millions)**

<i>Fund</i>	<i>Fund Name</i>	<i>1985-86 Change To Reserve</i>	<i>1986-87 Change To Reserve</i>	<i>1987-88 Change To Reserve</i>
001	General Fund. ....	-\$946.4	\$109.7	\$482.8
002	Property Acquisition Law Money Acct. ....	0.3	0.7	-0.6
012	Attorney General Antitrust Acct. ....	0.8	0.2	-0.6
016	Subsequent Injuries Moneys Acct. ....	*	0	0
017	Fingerprint Fees Acct (1985-86 Only) ....	2.3	-	-
022	Emergency Telephone Number Acct. ....	-11.6	-2.4	8.2
023	Farm Labor Contractors Acct. ....	*	*	*
029	Nuclear Planning Assessment Acct. ....	-0.3	*	0
030	County School Service Fund. ....	-0.1	0	0
031	Agricultural & Forestry Residue Util Acct. ....	0.5	0.3	-4.0
033	Energy Conservation Assistance Acct. ....	-3.4	-5.9	-0.1
034	Geothermal Resources Development Acct. ....	1.0	*	-0.8
041	Aeronautics Acct. ....	-0.8	-0.3	*
042	Highway Acct. ....	39.5	-255.8	-236.2
044	Motor Vehicle Acct. ....	51.7	-34.6	-16.5
045	Bicycle Lane Acct. ....	-0.1	-0.3	-0.4
046	Transportation Planning & Development ....	18.4	-35.7	0
047	Abandoned Railroad Acct. ....	-3.8	*	*
050	Cal Highway Patrol Enforcement Acct. ....	-17.3	-0.9	0
051	Olympic Reflector License Plate Acct. ....	-0.1	*	0
054	New Motor Vehicle Bd (1985-86 Only) ....	0.1	-	-
061	Motor Vehicle Fuel Acct. ....	-1.9	0.7	1.0
062	Highway Users Tax Acct. ....	0	0	0
064	Motor Vehicle License Fee Acct. ....	-18.7	1.0	-10.2
086	Cigarette Tax Fund. ....	0	0	0
131	Foster Home & Small Family Home Ins. ....	0	*	*
135	AIDS Vaccine Research & Devel Grant ....	0	3.0	-3.0
147	California Unitary Fund. ....	0	0	10.0
153	Local Government Assistance Fund. ....	0	0	0
191	Fair and Exposition Fund. ....	0.2	-3.5	0
256	1986 Flood Disaster Acct. ....	5.0	-5.0	0
261	Off Highway License Fee Fund. ....	*	*	*
398	Strong Motion Instrumentation. ....	0.7	-0.9	*
415	Universal Telephone Service Fund. ....	46.9	-37.9	-31.2
447	Wildlife Restoration Fund. ....	-1.4	-1.2	0.1
451	Manufactured Home License Fee Acct. ....	-0.1	0	0
455	Hazardous Substance Subaccount. ....	0.3	-2.9	0.4
465	Energy and Resources Programs Acct. ....	-0.8	-1.1	1.6
472	Farm Land Mapping Acct. ....	0.1	*	0
479	Energy Technology Research, Dev & Demo. ....	3.4	-4.4	0
486	Emergency Clean Water Grant Fund. ....	3.6	-3.6	0
496	Developmental Disabilities Services Acct. ....	0	*	*
	Total—Special Funds Only. ....	<u>\$114.4</u>	<u>-\$390.5</u>	<u>-\$282.3</u>
	TOTAL. ....	<u>-\$832.0</u>	<u>-\$280.8</u>	<u>\$200.5</u>

\* Less than \$0.1 million.

**Table 2-7**  
**Changes in Major Factors**  
**Affecting Appropriations Subject to Limit**  
**(In Millions)**

	<i>1985-86</i>	<i>1986-87</i>		<i>1987-88</i>	
	<i>Amount</i>	<i>Amount</i>	<i>Change from Prior Year</i>	<i>Amount</i>	<i>Change from Prior Year</i>
General Fund Tax Revenues *	\$27,380	\$29,965	9.4%	\$31,050	3.6%
Special Fund Tax Revenues *	4,381	3,805	- 13.1%	4,873	28.1%
Subventions	8,899	9,303	4.5%	9,647	3.7%
Mandates	-	622	-	651	4.7%
Debt Service	563	543	3.6%	622	14.5%
Carryovers	81	242	198.8%	107	-55.8%
Appropriations Subject to Limit	22,467	23,738	5.7%	25,193	6.1%

\* Total Revenues Less Revenues Not Subject to Limit.

**Table 2-8**  
**Expenditures Subject to Limit**  
**By Agency**  
**(In Millions)**

	<i>1986-87</i>	<i>1987-88</i>
Legislative, Executive, Judicial	\$744.4	\$754.7
State and Consumer Services	272.1	281.9
Business, Transportation and Housing	2,088.4	2,268.2
Resources	600.7	552.6
Health and Welfare	9,458.1	9,298.3
Youth and Adult Correctional	1,562.1	1,700.3
Education	8,755.0	9,009.8
General Government	1,430.9	1,941.3
Total	\$24,911.7	\$25,807.1

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# Education

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Education continues to be the highest spending priority of this Administration because it is the key to California's future. The goal of this Administration is to make the California educational system one of the best in the nation.

As indicated in Table 3-1, the total funding level in the Governor's Budget for all educational programs is \$22.5 billion, an increase of 57 percent over the term of this Administration. Included within this amount are General Fund expenditures totaling \$17.2 billion, representing an increase of 53 percent over the 1982-83 funding level.

Figures 3-2 and 3-3 depict the increased emphasis this Administration has placed on education. In 1982-83, the year before the Governor assumed office, the State was devoting 51.8 percent of its General Fund resources to education. In 1987-88, 5 years later, California will be devoting 55.1 percent of its General Fund revenue to education.

This Administration's commitment to education is depicted even more dramatically in Figures 3-4 and 3-5. Between 1982-83 and 1987-88, the State has seen its General Fund resources increase by \$9.6 billion. As Figure 3-4 indicates, 63 cents of each new expenditure dollar have been devoted to education. And, as shown in Figure 3-5, while the overall budget has grown by 44 percent since 1982-83, the budget for education has increased by 54 percent. During this same period, the rate of growth of non-education budgets has

been only 37 percent, about half the rate of growth in the education budget.

## Higher Education

The importance of California's public and private institutions of higher education to the well-being of the State's citizenry cannot be overstated. Our colleges and universities not only confer degrees and prepare students for life, but they are world-class centers for innovation and discovery in science, medicine, technology, agriculture, economics, public policy and our national defense. Our colleges and universities represent the fundamental underpinning of our productive, private enterprise economy. Without them, California would become a second class State, with a second-rate economy.

More than that, a college education is part of the fabric of the California dream. With a college diploma comes the opening of avenues of opportunity that were not always available to our parents and grandparents.

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*" . . . 63 cents of each new expenditure dollar have been devoted to education."*

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When the Governor assumed office 4 years ago, State funding for higher education was inadequate. Equipment, buildings, supplies and technology were becoming obsolete. The best teachers, scientists and researchers in the world were being lost to other institutions because salaries were no longer competitive. Pride in our campuses and



**Table 3-1**  
**Education Expenditures**  
**General Fund, Lottery Funds, State School Fund Royalties**  
**Student Fees and Local Revenue Sources**  
**(Dollars in Thousands)**

	<b>1986-87</b>	<b>1987-88</b>	<b>Percent Increase</b>
University of California *	\$2,085,760	\$2,203,642	5.6
California State University	1,626,829	1,716,828	5.5
California Community Colleges	1,868,296	1,951,359	4.4
Student Aid Commission	119,176	125,066	4.9
K-12	15,337,339	15,958,352	4.0
State Teachers Retirement System	464,843	507,385	9.2
Other **	66,086	78,168	18.3
<b>Total Expenditures</b>	<b>\$21,568,329</b>	<b>\$22,540,800</b>	<b>4.5</b>

\* For purposes of this table, expenditures for the University of California have been adjusted to include student fees and other offsetting income. This provides consistency in comparing magnitudes and growth among the various segments of education.

\*\* Includes General Fund bond interest and redemption payments for higher education.

a clear sense of purpose were being lost.

Since then, this Administration has committed an additional \$1.5 billion from the General Fund for higher education. During the 5-year period, 1982-83 to 1987-88, funding for all 3 systems of public higher education will have increased by more than 20 percent per full-time-equivalent student, after adjusting for inflation. Student aid will also have increased by more than 50 percent, and the number of students receiving grants

awarded by the Student Aid Commission will have risen by 22 percent, to more than 78,000.

The 1987-88 Budget continues our effort to make California's higher education system the best in the nation by providing new funds for faculty salaries, libraries, instructional use of computers, affirmative action and outreach, research, and essential building maintenance.

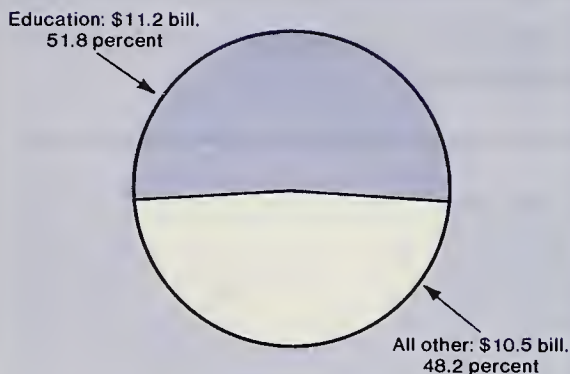
The budget also reflects the Administration's continuing desire to make

higher education available to every student in the State by providing \$10.2 million for additional student financial aid, \$55 million for increasing enrollments, and \$298 million for construction of new classrooms and other campus facilities.

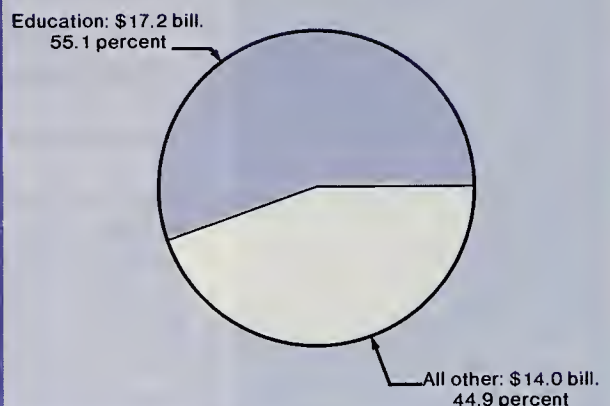
### University Of California

The University of California is recognized nationally and internationally for the excellence of its programs. Based on the latest study of

**Figure 3-2**  
**EDUCATION SHARE**  
**GENERAL FUND BUDGET**  
**1982-83**  
**\$21.7 Billion**



**Figure 3-3**  
**EDUCATION SHARE**  
**GENERAL FUND BUDGET**  
**1987-88**  
**\$31.2 Billion**



university graduate programs conducted by the Associated Research Councils, the Berkeley and Los Angeles campuses have been ranked number 1 and 2, respectively, in the nation among public institutions in terms of faculty quality. University faculty are well represented among recipients of the Nobel Prize and Guggenheim Fellowship awards and as members of the National Academy of Sciences. University graduate programs consistently rank at the top of national

level that will ensure the continued excellence of its programs now and in the future. Between 1982-83 and 1987-88, the University's General Fund operating budget will have increased by approximately 65 percent to \$1.86 billion, permitting a phased rebuilding of the University's academic and fiscal health.

Faculty salaries have been a key element in this process. Starting from a level that lagged well behind

struction and renovation to recognize both a serious shortage of space and technological or functional obsolescence of existing space. During the 4 years 1983-84 through 1986-87, State authorizations for the University's capital outlay program totaled \$464 million. In 1987-88 the proposed funding level of \$140 million will bring this total to \$604.

Additionally, budget increases have supported the substantial replacement of obsolete instructional equipment, greater student access to computers for instructional purposes and improved maintenance and repair of buildings.

**Budget Highlights.** This Administration is committed to continuing to remedy deficiencies that developed in the University's budget during an extended period of fiscal constraints and to providing an appropriate base of support to meet the demands of projected future enrollment growth and faculty renewal.

For 1987-88, the Governor's Budget proposes a total of \$1.88 billion for support of the University, including \$1.86 billion from the State General Fund, \$15.1 million from the California State Lottery Education Fund and \$1.1 million from other State

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***"Over the past 4 years this Administration has consistently worked to restore the University's budget to a level that will ensure the continued excellence of its programs now and in the future."***

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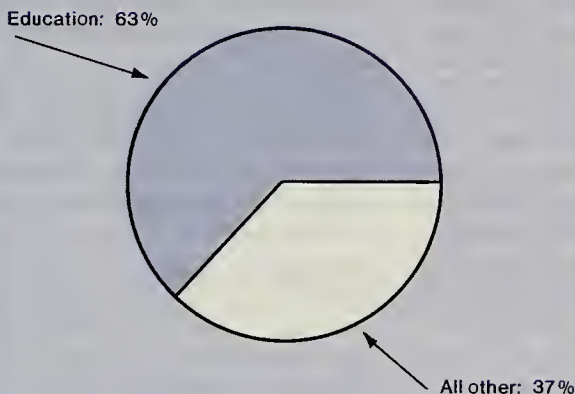
ratings of quality, and it is among the premier universities in the country in awards for research funding. It is a priority of this Administration to maintain the eminence of the University system.

Over the past 4 years this Administration has consistently worked to restore the University's budget to a

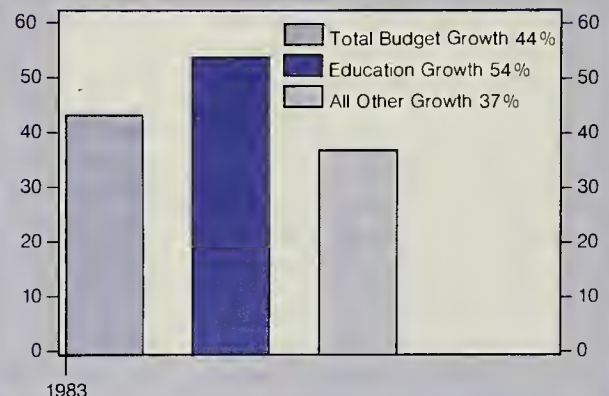
comparison institutions, faculty salaries were brought to a level that allowed the University once again to be truly competitive in the academic marketplace, thereby removing a serious threat to the future quality of the University's academic programs.

Another key element has been increased funding for facilities con-

**Figure 3-4**  
**ALLOCATION OF \$9.6 BILLION OF NEW**  
**GENERAL FUND RESOURCES:**  
**1982-83 TO 1987-88**



**Figure 3-5**  
**GENERAL FUND EXPENDITURE GROWTH**  
**1982-83 TO 1987-88**





funds. This represents an increase above the 1982–83 level of support of \$733.9 million (65.2 percent) from the General Fund and \$731.4 million (63.9 percent) in total State funds.

The budget supports and proposes the following:

- Continued enrollment growth and increased support for instruction and libraries, research, building maintenance and facilities renovation and construction.
- Increased faculty compensation at a level that allows the University to compete successfully in recruiting and retaining faculty.
- Initiatives in instruction and research that will further California's leadership and economic position within the community of nations along the Pacific Rim.
- Increased representation of ethnic minorities among the University's students and its faculty.
- A temporary subsidy to University teaching hospitals pending renovations to reduce costs and increase revenues.

**Student Enrollment.** There has been a steady increase in demand for admission to the University over the past several years among undergraduate students eligible for admission, especially at the freshman level. Undergraduate enrollments are anticipated to have increased by 11,452 full-time equivalent (FTE) students (12.3 percent) between 1982–83 and 1987–88. During the same period, general campus graduate enrollments will have increased by about 800 FTE students, primarily in disciplines of major significance to California's economic health. To support these increases, \$60.6 million has been provided.

In 1987–88, the University will provide education to 129,428 FTE students at the general campuses and 11,988 FTE students in the health sciences. This reflects an increase over the 1986–87 budget level of 2,658 FTE general campus undergraduate students and 298 FTE general campus graduate students. The

budget proposes an increase of \$14.7 million to support this enrollment increase. The additional graduate students will be allocated to provide balance at the developing campuses, which have been growing rapidly at the undergraduate level, and most will be in high demand disciplines such as engineering and the sciences.

**Faculty Salaries.** This Administration has provided funds to increase University faculty salaries by 7 percent in 1983–84, 12.8 percent in 1984–85, 8.8 percent in 1985–86 and 5 percent in 1986–87. In total, since 1982–83, the Administration has provided funds to increase faculty salaries by 37.9 percent, bringing University salaries from a level well below average to a level 3.6 percent above the average at 8 comparison institutions around the nation. As a

which is equivalent to the increase provided to other State employees. The Budget includes funds to provide non-academic employees the same salary increase provided to other State employees.

**Student Fees.** The Governor's Budget recognizes a student fee increase of 9.1 percent, as called for in Chapter 1523, Statutes of 1985 (SB 195), which provides for gradual, moderate and predictable fee level adjustments. This is the first fee increase at the University since 1983–84. Even with the increase, University fees remain low compared to those of similar institutions across the nation. To ensure that no student is denied access to the University as a result of the fee increase, financial aid will be provided to students who cannot afford to pay for the fee increase, which

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***"Proposed faculty salary increases will allow the University to remain competitive in recruitment and retention of faculty, which this Administration considers a high budget priority . . . ."***

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result, acceptance by first-offer candidates for faculty positions increased from 72 percent to nearly 90 percent, with significant implications for the future excellence of the University.

The Governor's Budget proposes a faculty salary increase of up to 3 percent, beginning January 1, 1988, to maintain salaries above the average of the comparison institutions. The budget provides \$12.3 million for the 1987–88 increases. Proposed faculty salary increases will allow the University to remain competitive in recruitment and retention of faculty, which this Administration considers a high budget priority because the quality of the faculty is the most important element in the quality of any University.

The salary increase proposed for the University's non-academic employees is also up to 3 percent,

averages \$130 per undergraduate.

**Building Maintenance.** To reduce the incidence of costly and disruptive breakdowns and to slow the growth in critical maintenance projects that have to be deferred, this Administration provided a total increase of \$27.6 million for ongoing and deferred maintenance at the University over the past 3 years. The Governor's Budget proposes an increase of \$3 million for ongoing maintenance to continue a phased solution to the problem. Additionally, over \$5 million is provided to operate and maintain newly constructed space.

**Affirmative Action.** Between 1982–83 and 1986–87, the Regents and this Administration together have increased expenditures for programs designed to increase the representation of ethnic minorities among the University's students

and faculty by \$6 million (88 percent). An additional \$1 million is proposed in 1987-88 for the following programs:

- Academic support services, which assist students experiencing difficulties and students who seek to strengthen academic performance.
- A graduate outreach program that will increase the number of women and minority students who enter graduate academic programs and thereby add to the pool of potential candidates for faculty positions.
- A program of research assistantships and mentorships that places minority and women graduate students with faculty mentors who guide their academic work and provide opportunities for research.
- Dissertation-year fellowships that allow graduate students to devote their full attention to producing high-quality dissertations.
- The President's (postdoctoral) Fellowship Program, which provides support and the advanced research experience needed to compete effectively for faculty positions.
- A program of pre-tenure faculty development awards designed to provide promising junior faculty the time and resources to accomplish the scholarship needed to obtain tenure.

**Pacific Rim.** The 1987-88 Budget provides \$9.3 million to strengthen California's links to Pacific Rim communities and further California's leadership and economic position within that newly emerging, dynamic part of the globe. This includes funds for construction of a facility to house the new Graduate School of International Relations and Pacific Studies on the San Diego campus. For 1987-88, the Governor's Budget proposes to provide funds for:

- The newly established Graduate School of International Relations and Pacific Studies on the San Diego campus, which will provide

professional training for careers in the Pacific Rim in both the private and public sectors. The budget supports enrollment of the first entering class of 48 FTE graduate students; development and maintenance of a library collection; and in the capital budget, construction of a facility to house the new school.

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***"The 1987-88 Budget provides \$9.3 million to strengthen California's links to Pacific Rim communities and further California's leadership and economic position . . . ."***

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- A targeted research effort to improve understanding and effectiveness of California's links to Pacific Rim nations through trade, investment, scientific and technological exchange, cultural exchange and immigration.
- New and expanded Education Abroad Program study centers in Pacific Rim countries as well as special efforts to interest business, economic, engineering and other science majors in complementing their studies with exposure to Pacific Rim languages and cultures.

**Research.** The Administration has added \$20 million to the University's annual research budget during the period 1982-83 to 1986-87. These increases have strengthened the University's research capacity in areas of vital importance to California, including research on AIDS, biotechnology, microelectronics, toxic substances and Pacific Rim affairs. The Governor's Budget proposes increased funding for the Pacific Rim research program and an increase of \$1 million, to be matched equally by University funds, for instrumentation and operation of the new Keck Observatory.

**Lottery Fund Expenditures.** UC lottery revenues and expenditures for 1987-88 are conservatively estimated at \$15.1 million. In the current

year, UC is using its \$12.1 million allocation of lottery funds to continue restoration of its fiscal health in various program areas. From the lottery funds, UC budgeted \$8.8 million for instructional computing operating costs, \$1.4 million for reduction of the backlog of instructional equipment, and \$1.9 million for instructional support.

**Capital Outlay.** The Governor's Budget for capital outlay represents the continuation of a multi-year effort to address deficiencies that have accumulated over a period of time in the physical plant of the University in order to ensure that University facilities provide necessary support for its academic programs. Modern facilities are especially critical to the quality of instruction in biological sciences, physical sciences and engineering. These programs, in turn, provide the key to California's economic future.

The budget proposes a total of \$140 million, composed of \$51 million from the General Obligation Bond approved by the voters in November 1986, \$73 million from the sale of revenue bonds for University capital projects and \$16 million of revenue bonds for teaching hospital improvements.

General Obligation Bond funds will be used to fund working drawings for a chemistry and biological sciences addition at Los Angeles, planning for new library facilities at San Diego and Santa Cruz, construction of a campus library at San Francisco, planning for a new physical sciences facility at Santa Barbara, the College Eight Academic Unit at Santa Cruz and funds for several seismic projects. Revenue bonds will be sold to fund the



construction of a campus library at Davis, a new biological sciences facility at Irvine, a cancer center project at the Irvine Medical Center, the completion and modernization of the Inpatient Tower at the San Diego Medical Center, a digital telephone system at Davis Medical Center and the construction of the Graduate School of International Relations and Pacific Studies at San Diego.

## California State University

The California State University (CSU) system comprises 19 campuses located throughout California. Academic excellence has been achieved by CSU through a distin-

The Consortium of the CSU draws on the resources of the 19 campuses to offer regional and state-wide off-campus degree, certificate, and credential programs to individuals who find it difficult or impossible to attend classes on a campus. In addition to Consortium programs, individual campuses also offer external degree programs.

**Faculty Salaries.** The Administration has provided funds to increase CSU faculty salaries by 6 percent in 1983-84, 10 percent in 1984-85, 10.5 percent in 1985-86, and 6.8 percent in 1986-87. In total, since 1982-83 this Administration has provided funds to increase CSU

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*“With nearly 340,000 students enrolled in over 120,000 classes, it (CSU) is the largest system of its kind in the nation.”*

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guished faculty, whose primary responsibility is superior teaching. With nearly 340,000 students enrolled in over 120,000 classes, it is the largest system of its kind in the nation. While each campus in the system has its own unique geographic and curricular character, all campuses, as multipurpose institutions, offer undergraduate and graduate instruction for professional and occupational goals as well as broad liberal education. All of the campuses require for graduation a basic program of “General Education-Breadth Requirements” regardless of the type of bachelor’s degree or major field selected by the student.

The CSU offers more than 1,500 bachelor’s and master’s degree programs in over 200 subject areas. Many of these programs are offered so that students can complete all upper-division and graduate requirements by part-time, late afternoon and evening study. In addition, a variety of teaching and school service credential programs are available. A limited number of doctoral degrees are offered jointly with the University of California and with private institutions in California.

faculty salaries by 37.6 percent and maintain California’s ability to compete for quality faculty members. These increases brought salaries from a level below average to the level of those at 20 comparison institutes of higher education.

For the 1987-88 Budget, \$11.7 million has been included to continue the Governor’s commitment to strengthen faculty salaries to enable CSU to recruit and retain quality faculty members. The amount proposed by the Governor’s Budget will provide CSU faculty with a salary increase of up to 3 percent, effective January 1, 1988. The 1987-88 Budget also includes funds to provide CSU nonfaculty employees the same salary increase provided to other State employees.

**Student Enrollment.** Since 1982-83, FTE enrollment will have increased by 12,443 students, or 5.2 percent. Over \$100 million has been provided to accommodate this increase. To fund an estimated enrollment increase of 5,995 FTE students, the Governor’s Budget proposes \$17.8 million and an additional 541 positions.

**Formula Driven Adjustments.** To calculate the cost and personnel requirements associated with maintaining programs and services at the Gubernatorial and legislatively approved level, CSU employs a multitude of budget formulas. These budget formulas provide an estimate of the costs necessary to maintain programs and services according to approved workload standards. Programs and services such as affirmative action, faculty sabbatical leaves, faculty positions, instructional support staff, instructional equipment, computing support and building and grounds maintenance operate with approved workload standards and benefit from annual budget formula adjustments. The 1987-88 Budget provides \$6.6 million for these adjustments to maintain existing programs and services.

**Instructional Supplies.** In keeping with the Governor’s intent to provide quality education, the budget includes \$2.5 million for additional library volumes, instructional supplies and services. This amount reflects a continuation of the Governor’s multi-year commitment to provide funding for CSU’s instructional offerings. Since 1983-84, the Administration has added \$14.8 million above what is required under the budget formulas for instructional supplies and services. The budgeted amount will further enable CSU to provide students with state-of-the-art instructional laboratory supplies, equipment and enhanced curriculum offerings.

**Plant Maintenance.** Recognizing the critical need to repair and maintain CSU campuses, the budget provides \$2 million to continue an effort which began in 1984-85 to maintain and improve plant maintenance and operations. To ensure CSU facilities are in a reasonable state of repair, the Administration has provided \$46.3 million since 1983-84.

**Instructional Equipment Replacement.** To preserve the quality of education and enable CSU to replace equipment that has become obsolete, \$48.2 million has been expended (including \$9.5 million in lotteries) by CSU since 1982-83.

As student demand has shifted away from social and behavioral type courses to high technology disciplines, CSU has been able to respond by providing technologically-advanced equipment necessary to meet student and faculty needs.

**Student Fees.** Pursuant to the provisions of Chapter 1523, Statutes of 1985, the 1987-88 Budget includes revenues from a 10 percent increase in student fees. This legislatively approved student fee policy will require mandatory systemwide student fees to increase from \$573 to \$630 for full-time students and from \$333 to \$366 for part-time students. This fee increase, however, will not prevent any needy student from attending CSU as the Governor has included \$2.6 million in financial aid to offset the impact of the student fee increase.

Even with this increase, CSU fees remain low compared to those of similar institutions across the nation.

**Lottery Fund Expenditures.** CSU lottery revenue and expenditures for 1987-88 are conservatively estimated at \$27 million. In September 1987, CSU will identify how 1987-88 lottery revenues will be expended.

For the current year, CSU will continue prior year commitments and fund Master Teacher Stipends and Scholarships, Instructional Computing Access, Instructional Computing Local Timesharing, Educational Computing Consortium and Experimental Clinical Supervision for a total cost of \$7.1 million. In addition, \$15.9 million will be expended on programs such as affirmative action for graduate students, student internships, instructional computing and equipment and various fine arts initiatives. The remainder of current year resources will be allocated to campus endowment and discretionary funds, program administration and a contingency reserve for lottery cash flow purposes.

**Capital Outlay.** The Governor's Budget proposes \$108.8 million of State funds for CSU's capital outlay program. Included in this total is \$73 million from the Higher Education Capital Outlay General Obligation

Bond Fund approved by the voters in November 1986 and \$35.8 from the Public Buildings Construction Revenue Bond Fund.

General Obligation Bond Funds will be used to fund 8 projects to alleviate structural and/or public health code deficiencies, to fund 3 building construction projects, 2 building renovations, 16 planning and/or working drawings projects that will renovate, expand or construct facilities, and to provide equipment for 8 newly constructed or renovated buildings. Public Buildings Construction Revenue Bond funds will be sold to fund 3 library construction projects on 3 campuses.

### Community Colleges

The California Community Colleges system, with 106 colleges statewide, is the largest postsecondary education system in the nation. These colleges spend approximately \$2 billion

- Continuing education and community education

- Community services

Through these services, the Community Colleges meet diverse and changing local needs and fulfill a vital function within the State's higher education system.

**Community College Reform.** The Community Colleges are in a period of transition. Following the rapid growth of the 1960s and the more moderate growth of the 1970s, enrollment peaked in 1981-82 and declined for the following 4 years. This situation has aroused general concern and led to the reassessment of the Community Colleges by the Commission on the Review of the Master Plan for Higher Education. In March, 1986, the Commission issued its report and made 68 recommendations in 5 major areas which are summarized as follows:

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*"Total proposed funding per unit of average daily attendance (ADA) is \$2,960, a 43.9 percent increase over 1982-83."*

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annually in State and local resources to serve over 1 million students.

Total funding for 1987-88 is \$498.2 million over the amount provided in 1982-83, and represents a 34.3 percent increase. Total proposed funding per unit of average daily attendance (ADA) is \$2,960, a 43.9 percent increase over 1982-83.

The Community Colleges provide a broad array of educational services, including the following:

- Transfer education
- Two-year degree programs
- Certificate programs for employment
- Joint programs with business, industry and government
- Remediation and basic skills education

- Access and Success: Open access must be coupled with a means of ensuring individual success.

- Mission and Function: Transfer and vocational education are primary functions, remedial education is an important function, and noncredit adult education and community services are authorized functions.

- Faculty and Administrators: The institution should become more collegial and there should be less reliance on part-time faculty.

- Governance: The authority of the Board of Governors should be strengthened.

- Finance: There should be a differential funding methodology, with authority vested in the Board of



Governors to allocate funds to the districts.

The Commission believes reforms in these areas are necessary for the Community Colleges to ensure universal access, student success, high quality education and accountability to the public.

While these recommendations will be further considered in the 1987-88 legislative session, the Administration has provided funding to begin reforms in several areas. In the current year, \$300,000 was provided to further develop the recommendations on finance and faculty, and to establish a district fiscal monitoring system within the Chancellor's Office. For 1987-88, the Administration proposes \$7.3 million and 3.8 personnel years for matriculation, which is to be phased in over a 3-year period, new initiatives in transfer education and articulation, and academic standards and basic skills. Matriculation funds

compliance with minimum standards. The total number of personnel years proposed for the Chancellor's Office is 169.7, which represents an 11.2 percent increase over 1986-87. In addition, \$118,000 is proposed for reorganization of the Chancellor's Office.

**Continuation Of Finance And Fee Laws.** The statutes governing the financing of community college apportionments and student fees become inoperative on July 1, 1987, and January 1, 1988, respectively. The budget proposes to continue those provisions through June 30, 1988.

To continue financial aid for students who cannot afford the fee, \$13.3 million has been provided for 1987-88.

For apportionments, \$26.1 million has been provided for a 2.7 percent COLA and equalization, beginning January 1, 1988, and \$22.8 has been provided for ADA growth (1.9 per-

cent over 1986-87, and \$262.6 million, or 66.8 percent, over 1982-83.

**Lottery Revenues.** Lottery revenues for the Community Colleges in 1987-88 are expected to increase by \$17.2 million, to \$72.4 million, over the 1986-87 amount. These funds go directly to local Community College districts for their own allocation.

**Disabled Students.** The 1987-88 Budget proposes \$1.1 million for assessment and academic support services for learning disabled students. These funds will assist the Community Colleges in addressing unmet needs in this area.

**Deferred Maintenance.** The budget proposes \$12.7 million for deferred maintenance and special repairs. This program has a 50/50 matching requirement for the districts. The Administration places a high priority on the maintenance of buildings and has provided \$49.3 million for this program since 1982-83.

**Instructional Equipment Replacement.** During 1985-86 and 1986-87, the Administration has provided \$61.1 million from special funds to assist districts in replacing obsolete instructional equipment. For 1987-88, the budget proposes \$12 million General Fund, to be matched by \$4 million in district funds, to continue this effort and to extend the use of these funds to replacement of library materials. The \$12 million of State funds includes the reappropriation of \$9 million savings in the 1986-87 apportionments item.

**Toxic Substances.** To reduce exposure to hazardous substances within the Community Colleges, the budget proposes \$5 million for removal and containment of hazardous substances, primarily asbestos, PCBs, and underground tanks. These funds will assist the Community Colleges in assessing the hazards of particular sites and treating the most hazardous problems.

**Capital Outlay.** The Governor's Budget proposes \$49.6 million of State funds for the Community Col-

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*"The Student Aid Commission . . . provides financial assistance to academically qualified, financially needy students pursuing postsecondary educational opportunities."*

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will be appropriated to the Chancellor's Office for his allocation to districts according to a comprehensive management plan to be developed by the Chancellor. For the first year of this program, State Funds will be matched on a 50/50 basis by the local districts.

**Chancellor's Office.** As the Community Colleges prepare to face the challenges of the future, it is critical that the Chancellor's Office have sufficient resources to provide effective leadership. The 1987-88 Budget proposes to add \$1 million and 15.0 personnel years to strengthen the internal operations of the Chancellor's Office, provide additional support for the Board of Governors, increase coordination of the disabled students program, implement GAIN, and ensure district

cent). Preliminary data suggest that ADA will increase in 1986-87 and 1987-88, reversing the trend of the previous 4 years. Total funding for 1987-88 apportionments represents an increase of \$429.6 million, or 30.3 percent over 1982-83. During this same period, expenditures per pupil will have increased by 39.6 percent.

**Local Revenue.** Revised estimates for 1986-87 local property tax and fee revenues reflect an increase of \$13.6 million over the amount initially budgeted. This reduces the need for State funds in the current year by \$9 million. The remaining \$4.6 million is expected to be used for ADA growth above the current year capped amount of ADA. Local property tax and fee revenues in 1987-88 are projected to increase by \$47.7 million, or 7.8



leges capital outlay program. The Higher Education Capital Outlay General Obligation Bond, approved by the voters in November 1986, will be sold to fund 38 projects at a total of \$31.6 million. Eleven instructional facilities are proposed for funding from the Public Buildings Construction Revenue Bond Fund at a total of \$18 million. The balance of funds required for each project will be provided by the Community Colleges Districts. Community Colleges are expected to contribute a total of \$4.8 million during 1987-88. Of the proposed projects, 44 involve preparation of working drawings and/or project construction and 5 are to provide equipment to complete previously funded projects. Included in the \$49.6 million total is \$200,000 for systemwide project planning and \$3.4 million for asbestos removal.

## California Student Aid Commission

The Student Aid Commission (SAC) provides financial assistance to academically qualified, financially needy students pursuing postsecondary educational opportunities. In 1982-83 the Commission administered \$86.4 million in grant assistance to 64,123 students. Under this administration, total grant assistance will have increased to \$131.1 million for 78,343 students in 1987-88, a 52 percent increase in funding.

The major components of this increase are:

**Cal Grant A.** The Cal Grant A program is a scholarship program for financial needy, academically able students. The awards cover the students' fees and tuition. The Governor's 1987-88 proposal sustains the increases of previous budgets. The total number of students receiving awards in 1987-88 will be 45,508, a 15 percent increase over 1982-83. Total State funding for Cal Grant A awards will have increased from about \$48 million to \$83.3 million, or 73 percent, since 1982-83.

**Cal Grant B.** The Cal Grant B program provides awards to low income and disadvantaged students to increase the access of such stu-

dents to higher education. The awards cover tuition, fees, and student living expenses. The 1987-88 Budget proposal sustains the increase of previous budgets. The total number of students receiving these awards in 1987-88 will be 26,460, a 29 percent increase over 1982-83. Total State funding for Cal Grant B awards will have increased from about \$21 million to \$38.1 million, or 81 percent, since 1982-83.

**Cal Grant C.** The Cal Grant C program provides awards to students enrolled in occupational training programs, of 4 months to 2 years in length. Eligibility for the awards is based on a student's financial need and the degree of worker shortage in the student's chosen occupation. The 1987-88 Budget proposal Total State funding for Cal Grant C awards will have increased from about \$2 million to \$3 million, or 50 percent, since 1982-83.

**Graduate Fellowship Program.** The Graduate Fellowship program provides awards to financially needy graduate and professional students, with emphasis on fields with personnel shortages. Total State funding for Graduate Fellowship awards in 1987-88 will be \$3 million, or 25 percent higher than the 1982-83 level.

**Guaranteed Student Loan Program.** The Student Aid Commission also administers the State Guaranteed Student Loan Program and serves as the State guarantee agency for federally reinsured student loans. This rapidly expanding program is expected to generate approximately \$620 million in new loans for 230,300 students during 1987-88, bringing the total outstanding loans of the program to \$5.2 billion as of June 30, 1988.

As a result of aggressive default prevention measures, the Commission estimates that the amount of loan defaults will decrease from more than \$200 million in 1986-87 to about \$160 million in 1987-88.

**Teacher Incentive Programs.** Because of the increasing K-12 enrollment and the anticipated retirement of existing teachers during the next decade, the State is attempting to

attract more college students to the teaching profession. Besides providing a substantial amount of funds for general salary increases of K-12 teachers, for increasing the salaries of beginning teachers, and for reducing class size (refer to Elementary and Secondary Education), the Administration has signed legislation to purchase the student loans of persons who enter the teaching profession. In addition to the Administration's efforts, the U.S. Congress recently enacted legislation authorizing the Congressional Teacher Scholarship Program. Both programs are administered by the Student Aid Commission.

**Assumption Program of Loans for Education (APLE).** Legislation enacted in 1983 authorized the Teacher Shortage Loan Assumption Program to purchase the outstanding student loans of persons willing to teach in subject areas facing a critical shortage of experienced teachers. This program was replaced in 1985 by the Assumption Program of Loans for Education. In 1986-87, 500 warrants are expected to be issued under the APLE program and an additional 137 awards are expected to be issued under the expiring program. In 1987-88, 500 additional APLE warrants, for a total of 1,000, will be available for loan assumptions, and 51 awards are expected to be issued under the expiring program.

**State Work Study Program.** The State Work Study Program authorized by Chapter 1196, Statutes of 1986, will help students finance their college education by placing them in employment related to their course of study or career interest. Administrative and startup costs of \$200,000 are funded for the second half of the 1986-87 fiscal year. For 1987-88, the budget proposes \$750,000 for work study grants to 1,500 students on 15 campuses.

## Elementary and Secondary Education

California's elementary and secondary education system is composed of 1,028 local school districts and 58 county offices of education which

spend about \$16 billion annually in educating approximately 4.5 million students ranging in age from 3 to 18 and approximately 250,000 adults. Providing a quality education for the people of California continues to be the highest spending priority of the Administration and this Governor's Budget will help ensure that California's educational system continues to be among the best in the nation.

In the 1983-84 fiscal year, the Governor signed Chapter 498, Statutes of 1983 (SB 813), which initiated

consistent with the *Serrano v. Priest* court decision.

- Provide an additional \$66 million to implement the final year of the Governor's 3-year plan for addressing needs in the Special Education program.
- Provide an additional \$6 million for English-as-a-Second-Language instruction.
- Provide an additional \$8.8 million in remedial educational services for Greater Avenues for Independence (GAIN) program partici-

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*"Providing a quality education for the people of California continues to be the highest spending priority of the Administration. . . ."*

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reforms in the area of student academic performance and discipline, curriculum and quality of teachers. To assist local education agencies in implementing those reforms, the Governor approved substantial increases in Kindergarten through Grade 12 (K-12) education funding in Fiscal Years 1983-84 through 1986-87. With the enactment of SB 813, local education agencies received approximately \$1 billion of new revenue in 1983-84, \$1.4 billion in 1984-85, \$1.2 billion in 1985-86, and \$1.1 billion in 1986-87.

To enable the K-12 education community to carry out its highest priorities, the Governor provided \$730 million for general price increases during 1986-87. This amount is \$295 million more than the amount required by statute.

In keeping with the Administration's commitment to improve the quality of K-12 education in the State, the Governor's Budget proposes a funding level of \$16.4 billion to:

- Continue the funding provided for implementation of SB 813 reforms and for other high priority needs, and to add \$158.8 million to provide cost-of-living adjustments.
- Provide additional aid to county offices for juvenile court schools

pants.

- Continue development and implementation of the California Assessment Program, with augmentations of \$800,000 and 5.4 positions for the development of tests in history, social science and science for grades 6 and 12.
- Initiate a class size reduction program in Grade 1.

## School Finance

The State's K-12 school districts and county offices of education are funded primarily by the State General Fund and local property taxes. Funding is used for general purpose apportionments, categorical programs and the educational reforms initiated in 1983-84 when the Governor signed SB 813.

Funding for K-12 school districts and county offices of education, other than for teacher retirement costs, deferred maintenance, capital outlay, and debt service, is expected to increase from \$10 billion in 1982-83 to almost \$16 billion in 1987-88.

With the increased funding provided by this Administration, the Governor's Budget will bring real expenditures per pupil in Average

Daily Attendance (ADA) to \$1,954. This represents an increase of \$346 per pupil in real terms, a 21.5 percent increase, over the term of this Administration. Table 3-6 displays the changes in K-12 expenditures per pupil since 1977-78, the last pre-Proposition 13 year.

Table 3-6 indicates that:

- Expenditures per ADA are estimated to increase from \$2,360 in 1982-83 to \$3,351 in 1987-88, an increase during this Administration of \$991, or 42 percent.
- In each year from 1982-83 to 1986-87 per pupil expenditures, in real terms, have risen. For 1987-88, there is a slight decrease in real expenditures per pupil, but the decrease is less than the decrease in real General Fund expenditures for the Budget as a whole. General Fund expenditures for K-12 education still account for 39.2 percent of the Budget's total General Fund expenditures.

**Cost-of-Living Increases.** The Governor's Budget proposes \$158.8 million in 1987-88 for cost-of-living adjustments (COLA's). The \$158.8 million will fund a statutory COLA (generally 2.2 percent), effective January 1, 1988, for programs that receive a statutory COLA.

**Lottery Revenues.** Lottery revenues for K-12 education are expected to increase from \$394.6 million in 1986-87 to \$493 million in 1987-88, or by \$98.4 million. Lottery funds go directly to local education agencies and are used for those agencies' highest priorities. The funds are used to augment, rather than replace, funds already allocated for public education.

## Class Size Reduction

The need to reduce the size of California's elementary and secondary classes has been expressed by parents, teachers and students and has become one of the highest priorities of educational leaders in the State. It is believed that smaller classes both create a better environment for learning and enhance the condition and appeal of the



teaching profession. Smaller class sizes allow teachers greater opportunity to spend time with individual students, assign and grade more academic assignments and manage their classrooms more effectively. Studies also have shown that smaller classes can enable teachers to adopt new teaching techniques which can benefit student performance.

The State's ability to pursue class size reduction, however, is limited by scarce financial resources and the constitutional limit on State spending.

The Governor's Budget proposes the first step toward implementing a class size reduction program. In doing so, the budget recognizes those studies that conclude that class size reductions are most ef-

fective in Grades 1 through 3. Therefore, the budget proposes that \$60 million be appropriated to reduce, over a 2-year period, the average class size in Grade 1 from the current average of approxi-

mately 28 students to an average of 22. The \$60 million would accomplish approximately one-half of the desired reduction in 1987-88.

sizes in Grade 1, and the balance of \$72 million would be allocated by the Superintendent of Public Instruction to fund priority needs

*"Lowering class sizes . . . will enable teachers to better address the unique learning problems of special-need students. . . ."*

The budget proposes to fund this program over the next 2 years through a consolidation of the following categorical programs: Economic Impact Aid-State Compensatory Education, Urban Impact Aid; Meade Aid, Miller-Unruh Reading, Gifted and Talented Education (GATE) and Native American In-

within the consolidated program. In 1988-89, the \$72 million would be used to fund second-year costs of implementing class size reduction in Grade 1.

The Governor's proposal to reduce class size requires a major refocusing of K-12 education expenditures. The Administration firmly believes such refocusing is needed to address a high priority program at a time when fiscal resources are limited.

Lowering class sizes in the early grades will benefit students as they progress through the higher grades. Furthermore, lower class sizes will enable teachers to better address the unique learning problems of special-need students through better use of the core curriculum in the regular classroom setting. It is the Administration's intent to continue

*"The Governor's Budget proposes the first step toward implementing a class size reduction program."*

fective in Grades 1 through 3. Therefore, the budget proposes that \$60 million be appropriated to reduce, over a 2-year period, the average class size in Grade 1 from the current average of approxi-

dian Education. The total amount available for these programs in 1987-88 is approximately \$132 million. In 1987-88, \$60 million of that amount would fund smaller class

**TABLE 3-6  
K-12 Expenditures**

	<b>K-12 Expenditures per ADA (Dollars)</b>	<b>GNP Deflator (1977-78 = 100)</b>	<b>Real K-12 Expenditures per ADA (in 1977-78 Dollars)</b>
1977-78 .....	\$1,676	100.0	\$1,676
1978-79 .....	1,814	108.3	1,675
1979-80 .....	2,065	117.8	1,753
1980-81 .....	2,204	129.4	1,703
1981-82 .....	2,358	140.0	1,684
1982-83 .....	2,360	146.8	1,608
1983-84 .....	2,588	152.4	1,698
1984-85 .....	2,862	157.8	1,814
1985-86 .....	3,187	162.6	1,960
1986-87 .....	3,308	166.8 *	1,983
1987-88 .....	3,351	171.5 *	1,954
Percentage Change 1977-78 to 1987-88 .....	100.0	71.5	16.6

\* Estimated

this reprioritization process in the future and to expand its efforts at class size reduction to Grades 2 and 3 as resources become available to do so.

## English As A Second Language Programs

California has made a significant commitment to the education of adults needing to learn the English

grams are at maximum attendance limits authorized for funding.

The Governor's Budget, proposes a \$6 million augmentation to the adult education appropriation to fully fund the estimated need for ESL classes. This level of funding will enable approximately 28,000 additional persons to enroll in ESL classes during 1987-88.

cation for the longer school day and year and provide for overall program growth. Additionally, the Governor signed legislation to establish several pilot projects designed to identify pupils with potential learning disabilities and to provide assistance to those pupils before special education becomes a necessity.

Major reform of the program cost accounting methods used by local education agencies was initiated in 1985-86. The 1986 Budget Act authorized the creation of the Special Education Fiscal Task Force, which is currently reviewing the new cost data and will report on recommended changes to the special education funding mechanism in November 1987.

The augmentation of \$66 million proposed for 1987-88 will be used for the following:

- \$42.9 million to fund additional program growth.
- \$20 million to fund additional instructional aides in non-severely handicapped classes.
- \$2 million to expand the infant program.
- \$500,000 for dissemination of the Awareness program
- \$500,000 to fund an evaluation of exemplary special education programs, with the intent of encouraging expansion of the most promising programs.
- \$115,000 to expand the Early Intervention for School Success project.

*“ . . . the Governor has addressed the highest priorities of the special education community.”*

language. Many foreign-born California adults are learning to speak the English language through refugee assistance programs administered by county welfare departments and in classes sponsored by private groups, such as churches and individual businesses. However, a substantial amount of this training is conducted by K-12 school districts, through adult education programs, and by community college districts.

The 1986 Budget Act provided augmentations of \$1 million for English-as-a-Second Language (ESL) funding and \$689,000 for allocation to high-priority adult programs, including ESL. Adult programs also received \$3.2 million in 1986-87 for a 1.9 percent rate of growth in base ADA. All or part of those growth funds may be used to expand ESL programs.

In total, more than \$83 million (38 percent of the adult education appropriation) will be expended on ESL programs operated by school districts in 1986-87. Since 1982-83, the Administration has increased ongoing State expenditures for adult education ESL programs by more than \$30 million.

Despite the increased funding provided by this Administration, many adult education programs have reported long waiting lists of adults seeking to take ESL classes. Local education agencies indicate they are unable to meet the demand for these classes because the pro-

## Special Education

In 1985-86, the Governor initiated a 3-year, \$180 million plan to address the most pressing needs of the special education program, to provide program improvements and implement reforms desired by the Administration.

The Governor's Budget proposes a \$66 million augmentation for the third year of the Governor's plan. With this augmentation, total special education entitlements of \$1.7 billion will provide an education to 380,000 handicapped pupils in California.

During the first 2 years of the 3-year plan, funding was provided to establish a fund for the purchase of specialized equipment for pupils with low incidence disabilities, expand the special education infant program, increase the number of instructional aides, provide incentive funds to county offices of edu-

**Table 3-7**  
**SPECIAL EDUCATION FUNDING**  
(Dollars in Millions)

	<i>Expenditures</i>	<i>General Fund</i>	<i>Number of Pupils</i>
1982-83 . . . . .	\$1,143.4	\$632.9	361,000
1983-84 . . . . .	\$1,257.2	\$728.7	361,000
1984-85 . . . . .	\$1,339.5	\$775.4	366,000
1985-86 . . . . .	\$1,481.9	\$878.7	375,000
1986-87 . . . . .	\$1,610.0	\$981.6	378,000
1987-88 . . . . .	\$1,696.3	\$1,049.6	380,000
Percentage Change 1982-83 to 1987-88 . . . . .	+48.4%	+65.8%	+5.3%



With these augmentations, the Governor has addressed the highest priorities of the special education community.

As indicated in Table 3-7, since taking office, the Governor has increased total special education expenditures by 48.4 percent, and General Fund special education ex-

ing safe, appropriate and nurturing environments for their children.

Accordingly, the budget proposes a total of \$323 million from all sources of funding for child care services. In addition, \$32 million in General Fund tax credits for child care are expected to be claimed during 1987-88. Since 1982-83, the budget

At the core of the Administration's proposal is the removal of unnecessary restrictions on the operation of child care programs. State-subsidized child care has been found to be more costly than equivalent care in private child care settings. Approximately 60 percent of all State child care programs are operated by school districts with collective bargaining agreements that affect child care staffing salary levels. With 80 percent of program costs being related to personnel, State laws and regulations dealing with child care personnel can have a significant impact on caregiver costs and on the availability of State resources to meet the basic needs of families. Both the staffing ratios and minimum staff qualifications imposed by current State laws for programs administered by the Department of Education serve to

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***"The Governor's Budget recognizes that child care services play an important role in assisting families to become self-sufficient. . . ."***

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penditures by more than 65 percent.

During the next 2 years, the Governor will continue working with the Superintendent and the special education community to implement additional program reforms. It is the Administration's expectation that new ways can be found to render service more efficiently and effectively to marginally handicapped pupils within the regular education program, with emphasis on the core curriculum, to foster mainstreaming of handicapped pupils.

### **Child Care**

California has been providing child care services to needy, eligible families since 1929. Child care is provided through 15 different Department of Education administered programs operated by a variety of private and public agencies. In the current year, there is an estimated average daily enrollment of 53,380 children.

Child care and development programs provide part-time and full-time child care and supportive services to children at risk of neglect or abuse, and to children from families with low income and other special needs.

The Governor's Budget recognizes that child care services play an important role in assisting families to become self-sufficient by enabling parents to work or receive employment training; and by provid-

ing safe, appropriate and nurturing environments for their children. Significant increases adopted by the Administration have included:

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***"The Governor proposes to replace existing school buses with safer and more fuel/energy efficient buses. . . ."***

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- \$16 million for the establishment of extended day care ("latch-key") services.
- \$6 million for Alternative Payment programs.
- \$1.6 million for School Age Parent and Infant Development.

Despite those increases, there has been a growing demand in recent years for increased State subsidized child care services. Moreover, some child care providers, particularly school districts, have stated that they are experiencing fiscal difficulties because their costs exceed the amount of funding provided by the State. The Administration is proposing to address these needs by sponsoring legislation to increase the number of children served by the program and to allow child care providers to render services more economically.

keep caregiver costs high. It is estimated, for example, that the staffing ratios required for Department of Education administered programs, serving infants and prekindergarten age children in day care centers, result in child care services costing in excess of \$29 million more than similar private services licensed by the State.

The relaxation of mandated staffing ratios and minimum caregiver qualifications, while maintaining standards needed to protect the safety of the children, would not only allow child care providers more flexibility in the operation of their centers, but should result, over time, in an additional 6,900 infants and children being served.

In a climate of fiscal limitations, we must do all that we can to provide for the basic needs of all of our families before enhanced services are provided to the few. The Admin-



istration, therefore, proposes that the Legislature join in removing these barriers and providing child care services to additional families.

## School Bus Demonstration Project

The Governor proposes to replace existing school buses with safer and more fuel/energy efficient buses by utilizing up to \$100 million from Petroleum Violation Escrow Account (PVEA) funds. (Refer to Building California—A Partnership for Progress: Year IV, Petroleum Viola-

prove the borrowing by a two-third vote.

With the passage of Proposition 13 in 1978, school districts' ability to raise their own revenue was severely curtailed. As a result, the State has assumed an increasing responsibility for school construction needs.

The primary program for construction and reconstruction of schools is the State School Building Lease/Purchase program. That program provides State grant funds

need for K-12 school construction, the Administration supported the enactment of legislation that would improve local funding mechanisms and provide additional State resources to meet this need. During 1986-87, major modifications to the School Facilities Aid Program were enacted. These changes were contained in Chapters 886 (SB 327), 887 (AB 2926), 888 (SB 2068) and 889 (AB 3470), which provide for:

- liberalized eligibility criteria for State funds
- increased allowable space that may be constructed in State funded projects
- a system of incentive payments for decreasing construction needs by utilizing year-round schools (YRS)
- the establishment of a loan program to help districts finance their funding match requirements
- authorization for school districts to assess fees on new residential and commercial construction
- establishment of a maximum allowable fee for residential and commercial construction
- the extension of the Tidelands Oil revenue appropriation of \$150 million into the 1990-91 fiscal year
- the authorization of up to \$15 million annually for the purchase of emergency classrooms

In 1986, the electorate authorized the enactment of the State School Building Lease/Purchase Bond Act of 1986 (Chapter 423, Statutes of 1986). This act authorizes the sale of \$800 million of general obligation bonds, the proceeds of which are for construction, renovation, and rehabilitation of K-12 school facilities.

Ongoing financing of \$150 million a year of Tidelands Oil revenue has been a major contribution to school construction financing. However, the 1987-88 Budget does not provide for this appropriation. Because of the recent decline of oil and gas prices, Tidelands Oil revenues are not sufficient to fund the statutory commitment.

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*“ . . . the Administration supported the enactment of legislation that would improve local funding mechanisms and provide additional State resources to meet this (school construction) need.”*

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tions Escrow Account section.) Under this proposal, approximately 1,300 school buses will be replaced during 1987-88 as part of a fuel efficiency demonstration project to be administered by the California Energy Commission. The demonstration project would be performed in conjunction with an engineering study currently being conducted by the California Highway Patrol. The new buses not only will be more fuel efficient than the older gas-fueled buses currently operated by local education agencies, but also will meet the 1977 Federal Safety Standards.

## School Construction

Historically, local school districts had the primary responsibility for financing their own school construction. They did so from resources derived primarily from the sale of local general obligation bonds or by borrowing from the State. State participation was limited to providing loans from the proceeds of State School Building Aid bond sales, which districts repaid by levying additional property taxes to make the necessary loan repayments. In either case, district voters had to ap-

prove the borrowing by a two-third vote.

for local school capital outlay in accordance with the relative prioritization system of the State Allocation Board, which is based on school districts' need to house current and projected unhoused pupils.

The primary source of funding for this program is revenue from the sale of State general obligation bonds (\$950 million since 1982) and an annual appropriation of Tidelands Oil revenue (\$150 million per year). (Refer to Building California—A Partnership for Progress: Year IV, Bond Financing section.)

**Projected School Growth.** During the 1970's school districts, statewide, experienced a decline in enrollment, causing a general underutilization of existing school facilities. Enrollment is now increasing at an annual rate of about two percent statewide, and exceeding 4 percent in many districts. Until the passage of several bills in 1986, as proposed by this Administration, funds to meet the need for new schools, resulting from this increasing enrollment, were not available.

**New Legislation.** In recognition of an estimated \$4 billion, 5-year

In addition, with declining General Fund revenue and the need to fund other program areas, there is a proposed 1-year elimination of the transfer of excess repayments of bond debt service from the General Fund to the Lease Purchase Fund. Deferred maintenance needs for 1986-87 are proposed to be funded from balances available in the State School Building Lease-Purchase Fund from Tidelands Oil revenue carryover balances and the proceeds of general obligation bonds. In addition, the Administration will propose legislation during 1987 that will restore those funds through a bond measure to be placed on the 1988 ballot.

## State Contributions to the State Teachers' Retirement System (STRS)

The State Teachers' Retirement Fund, according to the actuarial valuation completed in July 1985, had an unfunded liability of \$10.9 billion. In recognition of the need to address the unfunded liability issue, the Administration has taken a number of steps to reduce the obligation by a substantial amount. Since July 1983, the unfunded liability has decreased by \$2.6 billion.

This budget continues these efforts. Specifically, this Governor's Budget proposes fully funding the State's contributions required under Chapter 282, Statutes of 1978, with an appropriation of \$383.2 million.

**Purchasing Power Protection.** Since 1973, retired teachers have received an annual 2 percent increase in their benefits to compensate for inflation. Despite this, as a result of the inflationary economy of the recent past, many retired teachers have experienced a severe reduction in their ability to purchase goods and services with their fixed incomes.

Before this Administration assumed office, no State funds were dedicated to alleviating the fiscal difficulties faced by these retired teachers.

This Administration has recognized the need to provide assistance to these citizens by budgeting \$20.5 million in 1983-84, \$40.4 million in 1984-85, \$72.2 million in 1985-86 and \$110.7 million in 1986-87 for this purpose.

The Administration continues to make this a high priority by proposing that \$124.2 million be spent in 1987-88 to address the problem.

Under the Governor's proposal, all STRS retirees whose retirement allowances do not provide purchasing power of at least 75 percent of

the value at the time of retirement (generally those who retired prior to 1980) will receive supplemental allowances averaging \$2,348 for the 1987-88 fiscal year.

With a General Fund appropriation of \$124.2 million and \$5.9 million in School Lands Royalties, an estimated 61,300 STRS retirees will benefit by the Governor's Budget proposal, which provides sufficient funding to guarantee that no retired teacher will see his or her retirement benefits fall below 68 percent of their original purchasing power.

These steps, however, address only the most pressing and immediate of the funding and operational problems facing STRS. The Administration and the Legislature must continue to work together to guarantee the solvency of STRS for the years to come. (For a discussion of the administration of the STRS, see the State and Consumer Services Agency Section.)

## Lottery

Proposition 37, approved by California voters on November 6, 1984, authorized the establishment of a statewide lottery. Ticket sales began on October 3, 1985 with the sale of in-

stant game tickets. By the close of 1985-86, the Lottery had generated over \$690 million to education.

The weekly LOTTO 6/49 Game was introduced October 14, 1986. Initial sales were at record-breaking levels for an on-line game startup, with sales anticipated to increase with time. Currently, the Lottery is looking at the feasibility of beginning new on-line games in early spring 1987.

The Lottery initiative requires that 50 percent of the proceeds from lottery ticket sales be paid out as lottery

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*" . . . lottery revenues available to public education are estimated to be \$484.1 million . . . in 1986-87, increasing to \$608.1 million . . . in 1987-88."*

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prizes and that no more than 16 percent of the proceeds be used for administrative costs. The remainder of the proceeds (at least 34 percent of the total) are to be placed in a special fund, known as the California State Lottery Education Fund, to be used for the benefit of public education. Chapter 1362, Statutes of 1986, authorizes the Department of the Youth Authority to receive lottery funds beginning January 1, 1987, for its education programs which serve grades kindergarten through 12.

With the enactment of Chapter 1362, the following seven organizations will be allocated lottery funds for public education purposes on a per capita basis:

- K-12 education,
- Community Colleges,
- The California State University,
- University of California,
- Hastings College of the Law,
- California Maritime Academy,
- The Department of the Youth Authority.

In all instances, lottery funds are used to augment, rather than re-



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place, funds already allocated for public education and are to be spent for instructional purposes.

Currently, lottery revenues available to public education are estimated to be \$484.1 million (\$88 per pupil) in 1986-87, increasing to \$608.1 million (\$108 per pupil) in 1987-88. Because lottery sales fluctuate depending on the nature of the game, these estimates are intended to be conservative and could be exceeded.



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# Public Safety

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The Administration is maintaining a high priority for Public Safety programs for 1987–88. The criminal justice system is continuing its efforts to reduce crime and its impact on society by supporting tougher laws and increased penalties. This budget provides for the expanded correctional programs needed to support the steadily increasing prison and parole populations which are the result of these efforts to protect the California public.

In 1986–87, existing prisons have been modified and staffed for overcrowding and several new facilities are being activated. For 1987–88 the Governor's Budget continues the current staff expansion needed to fully activate the new prisons which are currently under construction.

Significant enhancements are also proposed in the areas of crime prevention.

## Department of Corrections

The Department of Corrections is charged with the responsibility for the control, care and treatment of convicted felons and civilly committed nonfelon narcotic addicts. The Department now operates 16 correctional institutions, 3 reception centers and 35 camps. Two additional facilities are available for activation; however due to delays in the approval of a Los Angeles prison site, these facilities cannot be occupied.

**Program Activities.** In order to meet the rapidly expanding inmate population's security and support needs, the Governor's Budget pro-

vides over \$1.4 billion and 21,200 personnel years for 1987–88. Funds proposed in 1987–88 include the following major elements:

- Prison expansion—Inmate population will increase by nearly 8,000 in 1987–88. The Department, in cooperation with the Board of Prison Terms, is establishing a uniform parole revocation policy which is expected to offset this increase by 1,000 beds by the end of the budget year. To provide custody, security and support services to the institutions' population, the budget proposes to add 2,450 personnel years at a cost of \$150.4 million.
- Parole program—Parole supervision for approximately 7,000 additional parolees, including the estimated 1,000 inmates related to the new parole revocation policy, will require the addition of 345 personnel years at a cost of \$27.7 million. The budget also reflects \$3.9 million in savings resulting from decreased parolee detention costs for local law enforcement agencies based on shortened holding periods in local facilities.
- Maximum security—Security Housing Unit (SHU) inmates are being relocated from San Quentin

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***"This budget provides for the expanded correctional programs needed to support the steadily increasing prison and parole populations. . . ."***

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and Folsom Prisons to California State Prison-Sacramento and to the Southern Maximum Security Complex. This change will result in a reduction of 233 Security



Housing Unit beds and make available an additional 382 general population beds.

## Prison Construction

The California prison system continues to experience serious pressure from the growth of the inmate population. As increasing numbers of felons are being committed to the custody of the Department of Corrections, the need for inmate housing has drastically exceeded the Department's ability to accommodate prisoners. For example, be-

**New Facility Construction.** Primarily through the construction of new prison facilities, significant accomplishments have been made to house the ever increasing numbers of inmates. Four new facilities are complete and construction is underway on 7 additional facilities, plus a special housing unit for women. Of the 7 that are under construction, phased occupancy has started on 3. In addition to new construction projects, modular units have been installed at 3 existing institutions, the California Men's Colony-West

Of these, 13,278 beds will be constructed by the end of 1986-87, and another 4,968 beds will have been completed by the end of 1987-88. The remaining 7,300 beds will be completed by June 30, 1991.

**Construction Financing.** Financing the more than \$2.3 billion cost for this new prison construction program is provided through the 1981, 1984, and 1986 Prison Construction Bond Acts, totaling \$1.3 billion. In addition, Chapter 932, Statutes of 1985 and Chapters 532 and 533, Statutes of 1986, authorized financing of construction for 4 prisons, up to a total of \$975 million, through private-sector based lease-purchase methods. Through the combination of General Fund appropriations, general obligation bonds and lease-purchase authorizations, sufficient funding is in place to complete all of the projects currently authorized.

**Design Capacity.** The design bed capacity of the prison system will reach nearly 51,000 with the addition of the approximately 26,000 authorized new beds. However, the need for additional facilities will exceed those currently authorized. Projections indicate that the inmate population will exceed 94,000 in mid-1991. In addition, serious bed deficits are predicted for some populations, particularly female inmates and medical and psychiatric patient/inmates.

Chapter 1393, Statutes of 1986, requires the Department of Corrections to evaluate the feasibility of constructing a women's facility of up to 2,000 beds in Madera County. In addition, this legislation requires site suitability studies for correctional facilities in Imperial County and western Kern County. There is currently no funding available beyond that appropriated for the required studies.

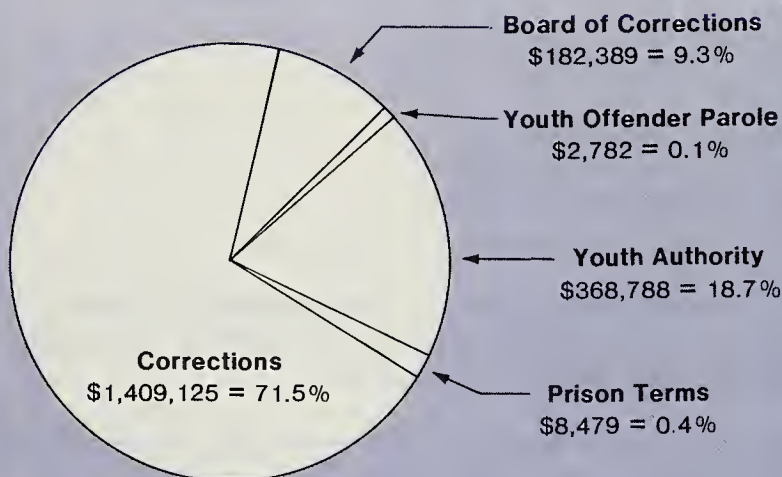
**Existing Facility Renovation.** The current prison population expansion also puts a severe strain on existing institutions. The accelerated deterioration associated with prolonged overcrowding conditions, combined with court decisions which specify conditions under which inmates may be housed, requires major capital

*"Four new facilities are complete and construction is underway on seven additional facilities, plus a special housing unit for women."*

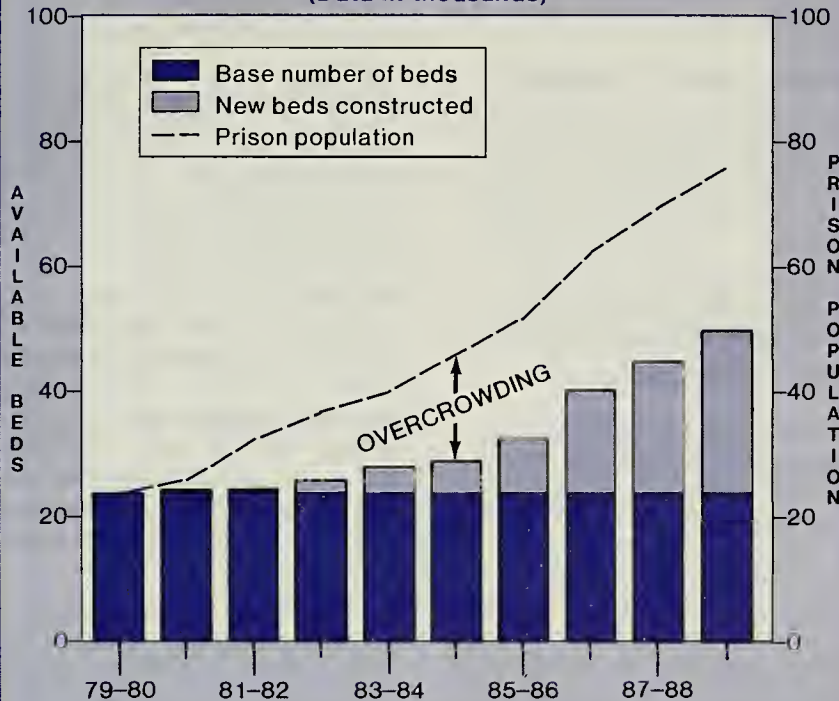
tween June 1981 and June 1986, the inmate population increased from 27,000 to 55,000 and is projected to reach 72,000 in June 1988.

has been renovated and expansion of the conservation-based work camps is underway. In all, 25,546 beds will be added to the system.

**Figure 4-1**  
**Youth and Adult Correctional Agency**  
**Proposed 1987-88 Expenditures**  
**Amounts in Thousands**  
**(All Funds)**



**Figure 4-2**  
**Prison population and beds**  
(Data in thousands)



NOTE: "Beds" represent the institutional design capacity of authorized and proposed institutions and camps.  
Additional "overcrowding" bed space is provided through other means, such as:  
— Addition of permanent beds in individual cells,  
— Addition of temporary beds in gymnasiums, corridors, auditoriums, and dormitories,  
— Addition, through a Parole Division managed program, of Return-to-Custody beds obtained by contracts with local governments and private vendors. These beds are funded in the support budget.

outlay improvements to several existing facilities.

Provisions in the Governor's Budget to upgrade the State's existing prison facilities include:

- Continuation and expansion of the Conservation and Maintenance Camp Construction program which has activated 280 beds since 1984. Currently under construction are 240 beds due for completion by September, 1987. An additional 60 beds are scheduled for activation by the end of the current fiscal year. By the end of fiscal year 1987-88, it is anticipated that 480 additional beds will be added to the 580 previously described.

- A number of projects to improve the sewage and water systems and to continue planning to provide emergency electrical system improvements.

- Improvement of security features to accommodate the higher and more aggressive inmate population.

- Renovation projects to bring 3 hospitals into substantial compliance with licensing standards.

Additionally, current year efforts include:

- Court-ordered renovation of 2,503 cells, the laundry and kitchen floor at San Quentin. The cell block renovation, which is a ma-

jor portion of the project, includes plumbing, heating, windows, electrical repair and fire sprinkler installation.

- Planning activities to provide emergency electrical systems.

## Youth Authority

The primary objectives of the Department of the Youth Authority are to protect society from criminal and delinquent behavior by young people and to provide training and treatment directed toward helping these youths become useful and productive citizens.

Youth Authority institutions are projected to house 8,335 wards by June 30, 1987. This is 1,035 more than estimated last year. By June 30, 1988, the institution population is estimated to be 8,570 wards, growing to 9,015 in 1990-91.

These increases are due primarily to 2 major factors—the Youthful Offender Parole Board is revoking parole at an increasing rate and is imposing longer institution stays on wards. These actions will increase public safety by insuring that dangerous young people are housed in State institutions rather than being returned to the general population. However, this action has resulted in the overcrowding of available facilities. By June 30, 1988, Youth Authority institutions and camps will be at 142 percent of design capacity.

To meet this challenge, the Governor's Budget proposes a total of \$368.8 million and 4,848 personnel years for operation of the Department, which consists of 10 institutions and 8 conservation camps. In addition, the Governor's Budget includes:

- \$12.5 million to construct and equip 3,100-bed projects (1 each at the Preston School of Industry, El Paso de Robles School and Ventura School).
- \$2 million to complete the design process for a new 600-bed facility.
- \$3 million to enhance security at all institutions and to provide critical capacity related support ser-



vices and infrastructure improvements.

The Department's Population Management and Facilities Master Plan, published in November 1986, outlines strategies for dealing with the increasing population via programmatic changes that could reduce population pressures. Despite these proposals, another new facility may be required. The programmatic

nel to insure the safety and welfare of officers and inmates. The Governor's Budget provides \$10.8 million in assistance to counties for training of local correctional and probation personnel.

### **Department of Justice**

The Department of Justice, through the constitutional office of the Attorney General, is responsible for ensuring the uniform interpretation and

ing proportions. These funding increases will enhance a wide range of activities designed to suppress narcotic trafficking in this State. The additional resources proposed to attack this problem range from increases in narcotic field agents to the replacement of obsolete forensic laboratory equipment. In total, the Governor's Budget proposes \$224.9 million and 3,315.3 personnel years to implement new programs, expand existing programs and meet workload increases.

Following, is a description of the significant budget provisions proposed for the Department of Justice:

**Narcotic Enforcement Augmentation.** A \$7.5 million augmentation is proposed to increase narcotic enforcement activities. The major components of this increase will:

- Augment the current 6 Bureau of Narcotic Enforcement field offices and establish a new field office in Redding by adding special agent and support staff positions to

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***"Priority is given by the Administration to the training of local personnel to insure the safety and welfare of officers and inmates."***

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changes and any additional construction projects will be addressed in future funding requests.

### **Local Detention**

Local detention facilities are under pressure to handle the increasing number of criminals requiring incarceration. The County Jail Construction Financing Program in the Board of Corrections was started in 1980 to provide grants to counties for remodeling or construction of county jails. Since that time, 3 bond acts totaling over \$1 billion have been passed for this purpose. Approximately \$534 million will have been allocated to counties through the current fiscal year. An additional \$142 million will be allocated during 1987-88. Included in this amount is \$20 million for local juvenile halls which will be allocated by the Department of the Youth Authority.

enforcement of laws and for representing the State in civil and criminal proceedings. As the chief law officer of the State, the Attorney General represents the People in all matters before the Appellate and Supreme Courts of California and the United States; represents the People on environmental issues, antitrust, and civil rights laws; coordinates law en-

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***"A \$7.5 million augmentation is proposed to increase narcotic enforcement activities."***

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forcement efforts to address the statewide narcotic enforcement problem; pursues special efforts to prosecute organized criminal activity conducted in California; and other legal related activities.

more effectively combat the drug problem by targeting major drug organizations and traffickers.

- Create 5 additional drug task forces to assist the current 14 regional task forces to address regional drug problems.
- Augment the Bureau of Narcotic Enforcement's headquarter staff to support the additional special agent positions, field offices and task forces.
- Increase technical positions in the Administrative Services Division to handle administrative workload that will be generated by the staff augmentations.

**California Criminalistics Institute.** An additional \$1.3 million is proposed to continue support of the

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***"The Governor's Budget proposes significant funding increases to . . . address the drug problem in California which is growing to frightening proportions."***

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These funds will enable counties to increase local jail capacities by more than 18,000 beds and renovate many facilities.

Priority is given by the Administration to the training of local person-

The Governor's Budget proposes significant funding increases to the Department of Justice's budget to address the drug problem in California which is growing to frighten-

California Criminalistics Institute which was established by Chapter 1040, Statutes of 1986. This institute will provide training, complex case referral, and method development capabilities not otherwise available locally.

#### **Precursor Reporting Program.**

An additional \$400,000 is proposed to expand the existing precursor reporting system and to establish a licensing and monitoring program within the Bureau of Narcotic Enforcement. This program, which was expanded by Chapter 1028, Statutes of 1986, will add additional controls on persons who sell, purchase and transfer essential ingredients (precursors) which could be used in the unlawful manufacture of controlled substances.

#### **Clandestine Laboratory Enforcement Program.**

An additional \$3.8 million is proposed to continue support of the Clandestine Laboratory Enforcement Program, which was established by Chapter 1029, Statutes of 1986. This program will assist State and local law enforcement and prosecutorial agencies in apprehending and prosecuting persons involved in the unlawful manufacture of controlled substances. Of the proposed \$3.8 million, \$2.5 million is for the Department of Justice's enforcement program. The \$1.3 million balance is for allocation to counties with a population under 1,250,000 for the reimbursement of their prosecution, law enforcement, toxic waste removal and disposal or storage costs.

**Major Fraud Unit.** An additional \$.9 million is proposed to continue support of the increased staff for the Major Fraud Unit which was augmented by Chapter 1281, Statutes of 1986. This unit is involved in white collar crime investigations and prosecutions conducted on the State and federal levels. The increased staff will permit the unit to handle major multijurisdictional cases where State level involvement is required in order to bring the case to court.

**Additional Legal Staff.** A total of 46 attorney positions and 18.5 para-

legal positions are proposed to handle increased workload in the civil, criminal and public law programs.

#### **California Automated Identification System (CAL-ID).**

A continuation of \$4.2 million is proposed for the continued expansion of the CAL-ID System. The System is an integrated plan which includes the automation of the name index file, a register of any person with a record of criminal activity in this State, and automation of the Fingerprint Identification System. Also, an additional \$4.9 million is proposed for continued assistance to local agencies to

motoring public. Since 1982-83, approximately 650 personnel years have been added for CHP road enforcement purposes to help achieve these objectives.

The 1987-88 Governor's Budget proposes a funding level of \$483.5 million and 7,752 personnel years for the budget year.

Significant adjustments in 1987-88 include the following:

- Approximately \$15 million is proposed for telecommunications (operating expenses and equipment), which includes \$8.1 million

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*"Since 1982-83, approximately 650 personnel years have been added for CHP road enforcement purposes. . . ."*

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purchase equipment necessary to participate in the Remote Access Network (RAN) component of the CAL-ID system. This component, which the local agencies provide 30 percent matching funds for the equipment, provides local agencies on-line access to the Master Name Index, Automated Fingerprint Identification System, Automated Latent Print System and Digital Image Retrieval System.

#### **Forensic Laboratory Equipment.**

A continuation of \$1.2 million is proposed to replace obsolete equipment in the Bureau of Forensic Services (BFS) criminology laboratories. This replacement represents the last year of a 3-year effort to significantly upgrade and modernize the Department's BFS laboratory facilities.

#### **California Highway Patrol**

The California Highway Patrol (CHP) is responsible for assuring the safe and efficient transportation of people and goods on the State's highway system. The primary objectives of the CHP are to minimize injuries, deaths and property losses resulting from traffic accidents; to minimize traffic delays; and to provide protection and assistance to the

for the second year of a 3-year program to replace enforcement radio equipment. Improved radio communications will provide for greater responsiveness and expanded areas of coverage.

- Approximately \$2 million is proposed for enhanced and expanded data processing and word processing capabilities for improvement of its management information systems.
- Funds for 1,346 replacement and 9 additional vehicles to provide patrol staff with a more responsive fleet.
- In order to protect the public from the potential danger of the unsafe transportation of hazardous substances and the operation of unsafe commercial vehicles, the budget proposes to continue proposed expenditures of more than \$4 million and 66 personnel years for the inspection of vehicles and terminals involved in the transportation of hazardous materials.
- Continuation of expenditures in excess of \$31 million and 467 personnel years for commercial vehicle and motor carrier (truck/bus) inspection and enforcement.



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## Office of Criminal Justice Planning

The Office of Criminal Justice Planning (OCJP) is responsible for improving the criminal justice system in California through research, evaluation and financial and technical assistance to local government, private agencies, State agencies and the Legislature.

nesses, and is funded by revenues from penalty assessments collected from convicted offenders. The local crime victim support programs include crisis intervention and follow-up counseling, emergency food and shelter, orientation to the court system, case status and disposition information, property return, and restitution and compensation information.

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*“ . . . the Victim/Witness Assistance program . . . provides supportive and coordinated services to all crime victims and witnesses, and is funded by revenues from penalty assessments collected from convicted offenders.”*

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The proposed budget for OCJP totals \$54.9 million and 86.4 personnel years. Of the proposed budget, \$48.4 million is for local assistance awards to public and private agencies for criminal and juvenile justice projects. A significant budget adjustment proposed for 1987-88 is the implementation by OCJP of the Child Sexual Exploitation Intervention program. This program, costing \$635,000, is designed to meet the needs of children sexually exploited through prostitution by providing services such as outreach, telephone crisis intervention, temporary shelter, and training and counseling services. This program will focus on 3 target areas in the State that have the highest incidence of child prostitution.

In addition, OCJP's Drug Suppression Program will be allocated \$900,000 of the federal drug abuse education and prevention program grant funds that are targeted for California. The specific proposals for these funds will be forthcoming in the Spring.

**Victim/Witness Assistance Program.** The Governor's Budget proposes \$8.6 million for the support of the Victim/Witness Assistance program. This program provides supportive and coordinated services to all crime victims and wit-

## Natural Disaster and Emergency Response

The Public Safety function also includes natural disaster response and assistance programs. Because California's geographic, climate and population characteristics combine to make it susceptible to emergencies, the role of the Office of Emergency Services (OES) is especially critical for assuring public safety through coordination of financial assistance, staff and equipment resources from all levels of government.

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*“The Governor's Budget proposes to increase OES's budget . . . to strengthen the State's natural disaster and emergency response capacity.”*

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The Governor's Budget proposes to increase OES's budget by an additional \$1.3 million and 8 new positions in 1987-88 to strengthen the State's natural disaster and emergency response capacity. The total proposed budget is \$58.2 million and 189.2 personnel years. Significant program enhancements in 1987-88 include:

- Implementation of Chapter 1115, Statutes of 1986 (SB 1973), which authorized the transfer of

the Bay Area Regional Earthquake Preparedness Project (BAREPP) from the Seismic Safety Commission to the Office of Emergency Services. This legislation also authorized the continuation of BAREPP and the Southern California Earthquake Preparedness Project (SCEPP) through 1989-90.

- An increase of \$291,000 and 4 personnel years for continuation of hazardous materials incident response training required by Chapter 1503, Statutes of 1986 (AB 2702).
- An increase of \$129,000 and 1 position for the review of hazardous material plans and for damage assessment training.

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## Judicial\*

The Supreme Court and the Courts of Appeal were created by Article VI of the Constitution to exercise the judicial power of the State at the appellate level. In addition, the Article established the Judicial Council to oversee and administer the State's Judicial system.

The Judicial Branch is proposing a 1987-88 funding level of \$87.6 million, and 822.2 personnel years. The proposed expenditures include:

- \$2.9 million for court-appointed counsel for the Supreme Court and Courts of Appeal.
- \$2.9 million and 4 positions to complete the appellate automation project. This project will replace obsolete word processing equipment in the courts, install data and word processing systems for use by justices and assigned support staff, and provide expanded access to case tracking, legal research, and word processing programs in judicial offices.
- \$.6 million and 4 positions to finalize research and development phases of the STATSCAN pilot project. STATSCAN relies on bar coding of court records and files, portable scanners to register pre-coded activity and file disposition points, and microcomputers to aggregate and analyze data.

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\* The proposals included in this section are those submitted by the Judicial Branch and do not necessary reflect the Governor's position on these issues.



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# Environmental Quality

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The quality of the environment in which we live is of vital importance to every person who lives or works in California. We expect the air we breathe and the water we drink to be maintained in a healthful condition.

With the growth of the major industrial base within the United States over the past 60 years, many problems were created that were not readily apparent at the early stages of this development, and in many cases, even in the later stages. This is especially true of the impact of modern industrial processes and products on the environment and public health.

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*“The challenges before the environmental quality programs today are . . . visible pollution problems, such as air pollution . . . and . . . invisible problems, such as the migration of chemicals into water supplies and the environment, and the long-term effects of low concentrations of toxic pollutants on public health.”*

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The challenges before the environmental quality programs today are many. First, we must place emphasis on visible pollution problems, such as air pollution resulting from manufacturing and automobiles, and raw sewage and industrial wastes being deposited in surface waters; and second, we must address the invisible problems, such as the migration of chemicals into water supplies and the environment, and the long-term effects of low

concentrations of toxic pollutants on public health.

Something as complex and interwoven with our daily life as the quality of our environment cannot be completely isolated and addressed through 1 or 2 organizations. Today there are numerous programs and activities of State government which touch upon these problems.

## **The Safe Drinking Water And Toxic Enforcement Act Of 1986 (Proposition 65)**

In November 1986, the voters passed Proposition 65. The 2 main objectives of this initiative are to increase public awareness of specific exposures to toxic chemicals and to eliminate discharges of specified toxic materials into drinking water. This initiative is being extensively reviewed by a working group composed of representatives from the Department of Health Services, Department of Industrial Relations, Department of Food and Agriculture, Department of Commerce, State Water Resources Control Board, Air Resources Board and Waste Management Board.

Due to timing constraints and the desire to implement this measure in a responsible manner, discussions will continue on this initiative and a comprehensive plan, which will include funding needs, will be presented in the Spring.

## **Governor's Task Force On Toxics, Waste And Technology**

In May of 1986, the Governor's Task Force on Toxics, Waste and Technology released its report. This



study, building on the work of past studies, laid out the Administration's blueprint for addressing the problems of toxic waste in California. These recommendations have begun to be implemented through new legislation enacted last year, budget augmentations and the adjustments made within the Administration in response to 4 Executive Orders signed by the Governor on August 25, 1986. These changes will put the State on the road to bringing the toxics problem under control.

## Toxics And Environmental Health

Toxic chemicals have become a part of our daily life and are inevitable by-products of various industries. For example, the manufacturing of life-saving drugs produces zinc and other heavy metals. Pesticides protect crops and thereby provide less expensive food. In fact, many chemical substances which provide benefits to modern life can also enter the human and animal life chain and have a detrimental or potentially fatal effect. This area of concern includes not only the creation, storage and disposal of hazardous wastes but all aspects of chemical endangerment.

Of particular concern is the variety of ways that toxic substances can get into water supplies. In fact, water is one of the primary carriers of toxic contamination now threatening the public health and environment.

As we begin to understand more about this complex problem, we continue to discover the inherent difficulties we face in making California safe from the threat of toxic chemicals while guaranteeing society continuation of our existing standard of living. To do so, we find it necessary to increase our activities, primarily regulatory, to assure that the proper balance is achieved.

The 1987-88 budget proposes expenditures of over \$280.2 million for various toxic programs statewide and a staffing level of 1,574.6 personnel years for these programs. This represents a 410 percent increase in funding and a 68 percent

increase in staffing over the 1982-83 level.

Table 5-1 describes the activities and existing and proposed funding levels of the various State depart-

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***"The 1987-88 Budget proposes expenditures of over \$280.2 million for various toxic programs statewide. . . . this represents a 410 percent increase in funding . . . over the 1982-83 level."***

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ments concerned with toxics problems.

## Environmental Program Highlights

**Department of Health Services.** The budget of the Department of Health Services, primarily within the Toxic Substances Control Division, once again reflects a major increase in staff resources in all of its toxics program areas. In order to assure that proper technical guidance and oversight is provided in cleaning up contaminated sites, an additional \$1 million and 17.3 personnel years are proposed. In order to provide the necessary staffing to assure the timely review and approval of the operational plans of treatment, storage and disposal facilities, \$1.5 million and 27.3 personnel years are proposed. This additional staff will enable the Division to permit all land disposal facilities which fall under certain federal permit requirements by 1988, incinerators by 1989 and all other federally permitted facilities by 1992.

One of the major barriers to the successful implementation of solutions to the toxics problems California faces has been the failure to properly involve local affected communities and the public at large in the process. In order to better involve the public and to assure compliance with State and Federal requirements in this area-proposed expenditures in 1987-88 include the following:

- \$591,000 and 7.3 personnel years are added to the community relations staff of the Division.
- \$192,000 and 3.8 personnel years are added so that each of the

Division's 3 regional offices will have sufficient public information staff.

- \$7.4 million and 12.4 personnel years are added to implement the necessary statewide planning and local coordination work required to implement Chapters 1504 and 1502, Statutes of 1986 (AB 2948 and AB 650). This legislation calls for integrated planning for handling toxic wastes, specifically treatment and disposal, by requiring comprehensive local plans and a statewide process for reconciling differences relative to siting of new facilities.
- \$504,000 and 5.7 personnel years are proposed to augment the over 100 personnel years currently allocated to surveillance and enforcement activities. These new staff will be devoted to establishing policies and procedures for surveillance and enforcement activities and providing training to staff in the regional offices.
- \$1,048,000 and 6.5 personnel years are proposed for various alternative technology applications (alternatives to land disposal of toxic wastes), which include a technology clearinghouse on existing technology, demonstrations for site mitigation and grant programs for waste reduction projects.
- \$279,000 and 5.7 personnel years are proposed to allow the Divi-

sion to eliminate a backlog of requests for the classification of waste as non-hazardous. Historically, 81 percent of such requests result in a determination of non-hazardous waste. The Division anticipates a backlog of over 250 such requests by the end of the year. The elimination of this backlog could result in millions of dollars savings to both industry and regulatory agencies.

- In addition, \$3.1 million and 51.5 personnel years are proposed to strengthen many of the Division's administrative abilities, primarily in the areas of clerical, accounting, budget, personnel and program monitoring. These new staff will also support programs result-

by \$247,000 and 7.1 personnel years to provide the resources necessary to review and register, in a timely manner, pesticide products that are proposed for use in California. This augmentation will ensure the availability of safe and effective products for use by the public and the agricultural industry.

**California Highway Patrol.** The Highway Patrol provides protection to the public from the potential danger of unsafe transportation of hazardous substances. The Highway Patrol inspects vehicles and terminals involved in the transportation of hazardous materials and participates on local agency hazardous waste task forces.

The Governor's 1987-88 Budget

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*"This augmentation will ensure the availability of safe and effective products for use by the public and the agricultural industry."*

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ing from recently chaptered legislation concerning land disposal restrictions, ownership of hazardous waste businesses, generator surveys and hazardous waste fee collections.

**Food and Agriculture.** The Department of Food and Agriculture is responsible for registering and regulating chemicals—primarily pesticides—that are used in the State for the protection of the public. For 1987-88, the budget proposes second-year funding for implementation of the Pesticide Contamination Prevention Act (Chapter 1298, Statutes of 1985) in the amount of \$948,000 and 7.1 personnel years. The 1987-88 schedule of activities includes the preparation of a report on pesticides which exceed specific values for potential ground water contamination; the development of a Ground Water Protection List which identifies pesticides that could potentially contaminate groundwater; and the creation of guidelines for monitoring such pesticides. In addition, the budget proposes to expand the Pesticide Registration Program

proposes an additional \$544,000 and 9.6 personnel years for the Hazardous Material Transportation Program.

**University of California.** The 1987-88 Budget proposes \$2 million from the General Fund for the University of California to continue its research on toxic wastes. In addition, the University has many non-state funded research programs relating to toxics.

**Board of Equalization.** The Board administers the system for collection of fees from various hazardous waste generators and facilities. In 1987-88, the Board's budget proposes an additional 3.9 personnel years to reflect the full-year costs of implementing the broader collection requirements of Chapter 1506, Statutes of 1986 (AB 4283), bringing the Board's ongoing effort to \$477,000 and 14.7 personnel years. This legislation requires the collection of 2 additional fees and quarterly reporting to the Legislature.

**General Services and Higher Education Capital Outlay.** The Of-

fice of the State Architect in the Department of General Services oversees and recommends ways to deal with hazardous substances present in State-owned facilities. Specific responsibilities for management of underground storage tank law compliance, cleanup of leaks, replacement of hazardous PCB containing equipment, and abatement of asbestos which is in a hazardous condition are also vested with this organization. The budget proposes more than a 100 percent increase in the level of resources devoted to these efforts. Specific proposals include:

- \$9.8 million for PCB removal. This amount includes replacement of equipment mandated for removal by the Environmental Protection Agency based on its assessment of health and fire related risks; immediate response to hazards identified in current year, initial surveys of non-institutional State facilities; and removal and replacement of other high-risk equipment which has not yet been mandated for removal. Adjustment to this proposed amount may be necessary in the Spring based on completion of the current year survey efforts.

- \$18.2 million for Underground Storage Tanks. This amount includes funds for repair and minor cleanup of pipe leaks; detailed site investigation, cleanup and replacement for leaking tanks in sensitive ground water areas; retesting of tanks not currently equipped with approved monitoring devices to comply with the tank law; removal and cleanup of waste oil and abandoned tanks; and installation of permanent monitoring systems on tanks in sensitive groundwater areas. Cost estimates are based on preliminary findings from current year efforts in which all State-owned tanks were precision tested for leaks. Cleanup is being initiated on any tanks found leaking in critical groundwater basin areas. Based on more complete information related to these current efforts, the resource level or



scope of work proposed may need to be revised in the Spring.

- \$12.4 million is being proposed for Asbestos Abatement. The higher education segments are currently in the process of abating asbestos hazards in all facilities, and this program will continue similar efforts in all other State-owned structures. Specifically, this budget request proposes completion of detailed surveys in all remaining buildings which were not addressed in the current year; initiation of removal, containment, and management plans for hazards identified in high risk office buildings and all 24-hour occupied State institutions identified by current year efforts; and immediate response to high risk health hazards identified during the course of surveys in the remaining structures. Current year survey efforts are near completion, but have not yet been fully analyzed to determine the levels of priority. Based on completion of these analyses, the resource level proposed may require revision in the Spring.

- The California Community Colleges propose expenditures of \$3.4 million and the California State University proposes \$6 million in 1987-88 to continue asbestos abatement efforts. Additionally, \$5 million is proposed for community colleges local assistance for the removal and containment of hazardous substances.

**Air Resources Board.** Air pollution impacts the health of California's citizens, impairs productivity, damages crops and lessens our enjoyment of our surroundings. Control of air pollution, while ensuring that growth and needed development may occur, is the objective of the Air Resources Board (ARB).

The Governor's 1987-88 Budget proposes \$61.7 million and 601.8 personnel years for the ARB.

Among its various programs, the Board administers the Toxic Air Contaminants Program. A toxic air contaminant is an air pollutant

which may cause or contribute to increased mortality or serious illness, or may pose or present a potential health threat. Currently, the number of suspected toxic air contaminants totals 47, with 15 viewed as significant threats. This budget proposes to expand this program from its 1987-88 base level of \$6.5 million and 67.5 personnel years by an additional \$655,000 and 11.4 per-

sonnel years. This represents a 10 percent increase in funding and a 17 percent increase in personnel years in the toxic air contaminant program. Actual experience has shown that the development of control measures is more resource intensive than previously anticipated. The additional resources will enable the Board to maintain anticipated progress toward developing regulatory control measures for the 15 substances.

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***"Control of air pollution, while ensuring that growth and needed development may occur, is the objective of the Air Resources Board. . . ."***

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sonnel years. This represents a 10 percent increase in funding and a 17 percent increase in personnel years in the toxic air contaminant program. Actual experience has shown that the development of control measures is more resource intensive than previously anticipated. The additional resources will enable the Board to maintain anticipated progress toward developing regulatory control measures for the 15 substances.

The Governor's Budget also proposes an additional \$1.7 million and 16.2 personnel years to provide the following:

- Strengthen existing enforcement programs to achieve the emissions reductions intended by the adopted control measures. The action would be obtained by expanding ARB technical and educational assistance to the local air pollution controls districts and designing and implementing an industry self-audit program.
- Intensify effort in areas with severe air quality problems by focusing local, State, federal and private sector air pollution expertise and resources on the design of effective ozone strategies.
- Undertake air quality studies of the San Joaquin Valley in conjunction with other government agencies and private sector organizations to determine the most

- Continue a special grants program for rural air pollution control districts which lack the resources to maintain minimum air pollution control programs.

**Waste Management Board.** \$1 million from the Federal Petroleum

Violation Escrow Account is proposed for a demonstration/research program concerning waste-to-energy applications. The Board intends to focus this program on municipal applications of waste-to-energy technology and their impacts on the environment and the health and safety of the public.



**Table 5-1**  
**Level of Effort Related to Toxics**  
**(In Thousands)**

<i>Department/Program</i>	<i>1984—85</i>	<i>1985—86</i>	<i>1986—87</i>	<i>1987—88</i>
<b>FOOD AND AGRICULTURE</b>				
Certifies new pesticides; regulates pesticide labeling and use; monitors chemical pesticides use; tests for pesticide residues on fresh food products; identifies air and groundwater contamination attributable to pesticides; and identifies and requires implementation of procedures to mitigate any dangerous effects of pesticides. State and agriculture funds support approximately 276 county positions which are not displayed on this chart.				
General .....	\$10,092	\$14,623	\$17,816	\$17,818
Federal .....	861	520	530	495
Other .....	9,549	10,510	10,505	10,391
TOTAL .....	\$20,502	\$25,653	\$28,851	\$28,704
Personnel Years .....	208.1	242	257.4	270.3
<b>HEALTH SERVICES</b>				
Regulates hazardous chemicals from origin to disposal including the development of alternative technologies; develops and maintains a research capability and information repository regarding industrial chemicals and work induced diseases; and provides cleanup of toxic dumpsites, emergency response, victim compensation and emergency response equipment.				
General .....	—	—	\$14,400	—
Federal .....	\$30,483	\$13,808	36,906	\$36,857
Other .....	29,290	53,393	58,675	107,129
TOTAL .....	\$59,773	\$67,201	\$109,981	\$143,986
Personnel Years .....	213.3	272.3	564.3	676.9
<b>WATER RESOURCES CONTROL BOARD/Including Regional Boards</b>				
Regulates the disposal of chemicals to protect water quality including: permitting, monitoring and enforcement activities for hazardous waste facilities; pretreatment of potentially toxic industrial wastes; and inspecting, monitoring and supervising the clean-up of leaking underground tanks which store hazardous materials.				
General .....	\$5,502	\$10,495	\$13,398	\$14,531
Federal .....	114	1,114	1,119	1,119
Other .....	3,441	5,683	4,736	4,736
TOTAL .....	\$9,057	\$17,292	\$19,253	\$20,386
Personnel Years .....	126.5	221	208.7	230.2
<b>WATER RESOURCES</b>				
Includes studying the health aspects of Delta water supply; advising Regional Boards regarding water discharge; monitoring sediment containing asbestos which flows into the California Aqueduct; permitting the Department's underground storage tanks; monitoring and disposing of geothermal waste products; and monitoring groundwater in the Delta.				
General .....	\$40	\$2,268	\$1,788	\$1,025
Other .....	2,760	1,231	1,896	1,499
TOTAL .....	\$2,800	\$3,499	\$3,684	\$2,524
Personnel Years .....	7.5	11.4	11.1	10.3
<b>FISH AND GAME</b>				
Monitors aquatic and marine life and wildlife for effects of hazardous chemicals, and is responsible for off-highway hazardous spills some related enforcement activities.				
General .....	—	—	\$319	\$196
Other .....	\$942	\$942	942	1,065
TOTAL .....	\$942	\$942	\$1,261	\$1,261
Personnel Years .....	53.5	52.4	56.2	56.2
<b>CAPITAL OUTLAY Including Higher Education</b>				
Includes replacement/repair/disposal of leaking PCB equipment; survey, replacement and cleanup of leaking underground storage tanks; and asbestos abatement statewide as well as the UC Riverside Hazardous Waste Facility construction.				
Other .....	\$2,913	\$6,423	\$17,700	\$49,898
TOTAL .....	\$2,913	\$6,423	\$17,700	\$49,898
Personnel Years .....	—	9.5	13.3	13.3
<b>TRANSPORTATION</b>				
Responds to spills on public highways; investigates and evaluates potential waste sites; and cleans up sites located on highway project rights-of-way.				
Federal .....	—	\$14,770	\$21,600	\$10,740
Other .....	\$735	2,365	3,925	2,911
TOTAL .....	\$735	\$17,135	\$25,525	\$13,651
Personnel Years .....	15	15	15	15

(continued)

**Table 5-1—Continued**  
**Level of Effort Related to Toxics**  
**(In Thousands)**

<i>Department/Program</i>	<i>1984—85</i>	<i>1985—86</i>	<i>1986—87</i>	<i>1987—88</i>
<b>HIGHWAY PATROL</b>				
Regulates transportation of toxic and hazardous materials.				
TOTAL (Other) .....	\$1,683	\$1,836	\$1,972	\$2,516
Personnel Years .....	60.5	60.4	60.2	69.8
<b>INDUSTRIAL RELATIONS</b>				
Protects workers from hazardous chemicals, and monitors and regulates industrial carcinogens.				
General .....	\$2,400	\$3,100	\$3,300	\$3,530
Federal .....	2,400	2,100	2,260	2,560
TOTAL .....	\$4,800	\$5,200	\$5,560	\$6,090
Personnel Years .....	90	90	90	91
<b>OFFICE OF EMERGENCY SERVICES</b>				
Notifies State and local agencies of hazardous chemical emergencies.				
General .....	\$40	\$89	\$131	\$222
Other .....	—	67	165	129
TOTAL .....	\$40	\$156	\$296	\$351
Personnel Years .....	3	3	4	6
<b>AIR RESOURCES BOARD</b>				
Identifies and quantifies emissions of toxic air contaminants; develops and evaluates methods for reducing exposure to toxic air contaminants; and coordinates with local air pollution control districts to implement and enforce controls on sources of toxic emissions.				
General .....	\$669	\$1,167	\$1,466	\$1,505
Other .....	1,893	3,803	5,388	5,688
TOTAL .....	\$2,562	\$4,970	\$6,854	\$7,193
Personnel Years .....	35.3	55	67.5	78.9
<b>DEPARTMENT OF JUSTICE</b>				
Litigates toxic waste cases to avoid further toxic pollution since the Department of Health Services (DHS) does not have the authority to litigate. (1984—85 amount was contracted by DHS)				
TOTAL (Other) .....	(\$430)	\$804	\$846	\$1,596
Personnel Years .....	8.1	16	16	16
<b>UNIVERSITY OF CALIFORNIA</b>				
Conducts pure research into toxic wastes. The topics researched with General Fund dollars include health effects, prevention/control of toxic wastes, environmental dispersion and basic toxicology with an emphasis on agriculture, occupational health, and the State water supply.				
TOTAL (General) .....	—	\$1,500	\$1,500	\$2,000
<b>BOARD OF EQUALIZATION</b>				
Chapter 1506, Statutes of 1986, contained a one-time appropriation to fund 1986—87 work related to Hazardous Waste Control Account fee collections. Fee collection expenditures are normally funded by reimbursements from the Department of Health Services. Therefore, excluding this one-time appropriation, the expenditures for the Board are reflected in the Department of Health Services expenditure details.				
TOTAL (Other) .....	—	—	\$585	—
Personnel Years .....	9.6	32.9	38.2	40.7
<b>TOTALS</b>				
General .....	\$18,743	\$33,242	\$54,118	\$40,827
Federal .....	33,858	32,312	62,415	51,771
Other .....	53,206	87,057	107,335	187,558
TOTAL .....	\$105,807	\$152,611	\$223,868	\$280,156
Personnel Years .....	830.4	1,080.9	1,401.9	1,574.6



# Business, Transportation and Housing

The Business, Transportation and Housing Agency's primary objectives are to strengthen California's business and housing climates and develop a safe and effective transportation system. To meet these goals, expenditures in the Governor's Budget for programs under the direction of the Agency total \$4.4 billion. (See Figure 6-1.)

Highlights of this budget are as follows:

**Transportation.** Approximately \$3.2 billion is proposed to develop and maintain California's 48,000 lane miles of highway (15,000 road miles) and mass transportation systems and to provide efficient

efforts to promote business development and job creation in California. This funding level includes \$30 million for the support of the Rural Economic Development Infrastructure Program, a component of the Governor's Rural Renaissance initiative.

**Business Regulation.** The budget proposes \$106.6 million and 1,821 personnel years to support the State's regulation of the financial services industry. The State's regulatory activities will serve to foster a sound financial and business community and protect the public from economic loss and illegal or unethical business practices.

*"International trade is central to California's continuing economic growth . . . We are the world's seventh largest economy—an international gateway to the fast-growing nations that span the Pacific Rim."*

vehicle registration services for the State's 21.8 million vehicles.

**Public Safety.** The California Highway Patrol is proposing approximately \$483 million to support the 7,752 law enforcement and nonuniformed personnel who are responsible for assuring the safety of the motoring public. (For further detail, refer to the Public Safety, California Highway Patrol Section.)

**Economic Development.** The budget proposes \$48.4 million for support of the Department of Commerce to continue its

## Foreign Trade

International trade is central to California's continuing economic growth. One out of every 10 jobs in California is dependent on foreign trade, and more than \$94 billion worth of goods passed through California ports in 1985. We are the world's seventh largest economy—an international gateway to the fast-growing nations that span the Pacific Rim. Eight of our top ten trading partners border the Pacific Ocean and together account for three-fourths of our total trade.

In 1987-88, California's international profile will reach its highest level. The state's international economic activities will be managed as follows:

- The Department of Commerce, primarily through its offices of Business Development, Tourism and Small Business, acts as an advocate for California's tourism



and trade-related businesses, and is charged with the responsibility of attracting job-creating investment into the state.

- The California World Trade Commission, in its 4 years of existence, has also played an active role in lowering trade barriers, promoting California exports and helping to bring foreign investment to California. The 1987-88 Budget proposes an additional \$1.2 million and 2 personnel years to the California World Trade Commission, bringing the total funding level to \$2.6 million and 10.7 personnel years. Among other things, Commission funds will be used to provide for a trade analyst based in Washington D.C. who will represent California's interests in foreign trade issues, continue an ambitious overseas marketing campaign, and study ways to improve California's economic competitiveness.
- Working closely with the Depart-

***"The California Department of Transportation . . . is recognized as one of the outstanding transportation organizations in the world. The Department develops and maintains a comprehensive transportation system of more than 15,000 miles of highway and freeways, as well as rail passenger services. . . ."***

ment of Commerce and the World Trade Commission, the Governor's Office will coordinate the programs and administration of California's Overseas Trade and Investment Offices in Tokyo and London. These offices will promote California exports, establish new agricultural markets, and attract greater foreign investment and tourism to California. The budget for the offices will be increased to \$1.2 million in the upcoming year to allow for full staffing and operation.

- California's export finance programs will receive \$11 million in an effort to increase exports and introduce smaller and medium-sized California companies to the international marketplace. \$10 million will be specifically devoted to promoting California agricultural products overseas.

These efforts, combined with California's broad array of unique international education programs, will place our state in a position of undisputed leadership among the states in terms of our commitment to, and understanding of, the competitive global marketplace.

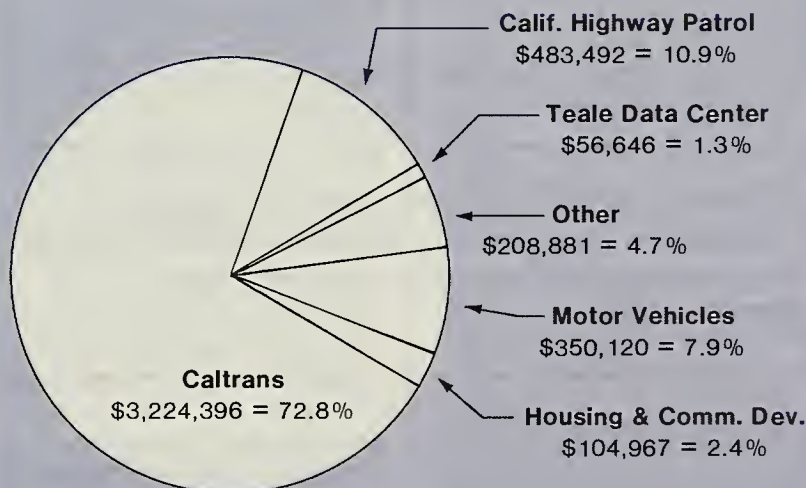
## **Department of Transportation**

The California Department of Transportation (Caltrans) is recognized as one of the outstanding transportation organizations in the world. The Department develops and maintains a comprehensive transportation system of more than 15,000 miles of highways and freeways, as well as rail passenger services under contract with Amtrak and the Southern Pacific Railroad. Additionally, the Department provides technical assistance and development loans to the more than 200 public airports in California.

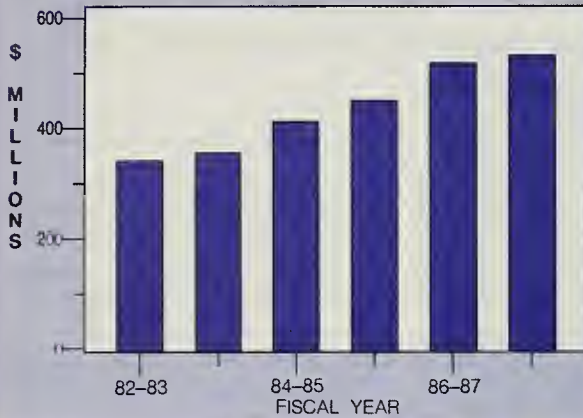
The 1987-88 Budget proposes expenditures of \$1.5 billion and approximately 15,500 personnel years for Caltrans' support and local assistance programs, reflecting new initiatives in the areas of highway construction and maintenance.

The budget also contains \$1.7 billion to fund approximately 1,500 major highway construction projects

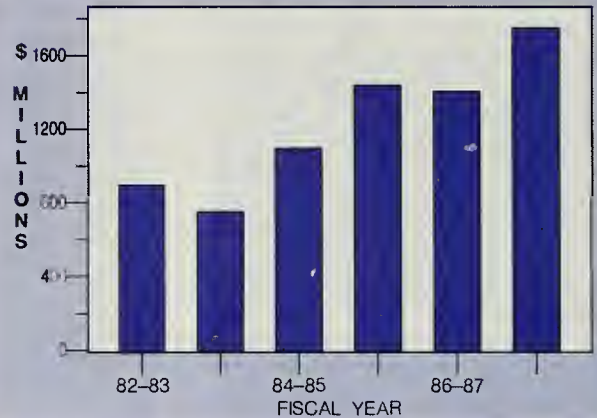
**Figure 6-1**  
**Business, Transportation, and Housing**  
**Proposed 1987-88 Expenditures**  
**Amounts in Thousands**  
**(All Funds)**



**Figure 6-2  
Proposed Budget  
Maintenance**



**Figure 6-3  
Proposed Budget  
Capital Outlay**



included in the State Transportation Improvement Program (STIP).

Figures 6-2 and 6-3 illustrate the strong commitment which has been made by Caltrans during the past 4 years to protect California's investment in its existing highway system and to expand the system to meet the needs of a growing population and economy. When compared with the proposed expenditures for 1982-83, the budget for highway maintenance in 1987-88 is higher by \$196 million, an increase of 56 percent. The growth in expenditures for highway construction and rehabilitation has been even more substantial—up \$785 million since 1982-83, an increase of 89 percent.

#### **State Funded Highway Construction.**

During 1986-87, Caltrans initiated a \$200 million State-only funded highway construction program. In 1987-88, Caltrans will expand this program by spending an additional \$190 million of State funds. Coupled with \$60 million not committed during 1986-87, the total State funds for 1987-88 will be \$250 million for this purpose. The Administration will be vigorously seeking enactment of a new federal highway transportation bill and the appropriation of federal funds that are owed to California.

In addition, Caltrans and the Department of Finance are evaluating prospective improvements to the Department's accounting systems, which may result in still more resources for highway construction.

Consistent with its intent to expand highway construction, Caltrans will add 395 personnel years to its capital outlay support staff. The Department will also add \$13 million for contracts with private engineering firms and universities, and for cooperative agreements with local transportation agencies. The use of private contracts enhances Caltrans' ability to meet fluctuating workload and respond to the increase in high-

- In Humboldt County, the Redwood Bypass, a 12 mile freeway, is being built to protect Redwood National Park from traffic congestion.
- In Stockton, the Crosstown Freeway is under construction.
- In Placer County the Roseville Bypass, scheduled for completion in 1987, is expected to be a key to economic growth in the area.
- In the San Francisco Bay Area, the John T. Knox Freeway, begun in 1985, will connect Interstate 80 and the Richmond-San Rafael Bridge.

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***"Caltrans' recent accomplishments in highway construction are particularly noteworthy because of the unprecedented obstacles that have been surmounted."***

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way funding made available by several recently approved local sales tax initiatives.

The impact of Caltrans' expanded highway construction program will be seen throughout California.

- In Southern California, the Santa Barbara Crosstown Freeway will be constructed beginning in 1987.
- \$200 million in construction is currently underway on the Century Freeway in Los Angeles.



- To ease freeway congestion, new commuter lanes were recently opened on Route 55 in Orange County and Route 91 in Los Angeles, and the San Diego Freeway has been restriped to provide additional lanes between the Los Angeles Airport and the Santa Monica Freeway.

Caltrans is also working together with local governments. In Santa Clara, Alameda and Fresno counties, locally approved sales tax measures will provide \$1.8 billion over the next 20 years which, in combination with State funds, will enable extensive improvements to be made to area highways.

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***"During 1986-87 and 1987-88, the Department will be implementing the results of its "Caltrans 2000" effort to streamline its operations and ensure that staff resources are allocated to the areas of greatest value."***

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- A two-mile section of the Corona Del Mar Freeway was opened in Orange County in February 1986.
- In San Bernardino County, the Norco Freeway is scheduled for completion in 1989.
- In the high desert of Inyo County, Route 395 has been widened to four lanes between Bishop and Big Pine to improve access to ski areas.

Caltrans' recent accomplishments in highway construction are particularly noteworthy because of the unprecedented obstacles that have been surmounted. For example, in San Diego County, complex environmental problems which have stalled construction on Route 54 for 20 years have been overcome by an innovative mitigation project which includes the complete rebuilding of a tidelands marsh and flood control channel.

Also noteworthy is Caltrans' involvement in public-private partnerships. These partnerships exemplify the Department's success in developing innovative approaches for funding needed for local improvements to the State highway system. New interchanges funded by businesses and local sales taxes dedicated to highways are the most common forms of public-private partnerships.

**Highway Maintenance.** As the average age of California's highways increases, new efforts are needed to ensure that the impressive investment which California has made in its highway transportation system is preserved. Expenditures to be made in the current year or proposed for the budget year include the following:

- During 1986-87, Caltrans is implementing a \$20 million preventive maintenance program to extend the life of asphalt pavements.
- For 1987-88, a total of \$12.2 million and 46 personnel years will be added for new maintenance initiatives to repair concrete pavement and bridge structures, to meet landscaping needs, and to improve the condition of highway signs, striping, raised pavement markers and other traffic safety measures.
- Additionally, an increase of \$5 million is proposed to purchase new vehicles, including \$1.4 million for 19 snow plows and sanders to aid the Department in keeping highways open during winter storms.

**Environmental Efforts.** The budget also proposes new funding to meet important environmental goals. Included is \$1.3 million to enable Caltrans to curtail its use of solvent-

based paint in urban areas and replace it with thermoplastic paint. The Department also proposes to spend \$3 million on the restoration and cleanup of leaking underground tanks, and \$5 million on its continuing investigations of hazardous waste sites located on State highway rights-of-way. Approximately \$6 million will be spent to clean up those sites.

**Efficiencies.** The past four years have seen a number of major initiatives on the part of Caltrans to increase the efficiency of its operations. Foremost among those initiatives has been the Department's implementation of new electronic technologies. Computer Aided Design and Drafting, a \$52.5 million 5-year project, is already helping to avoid cost increases for highway project design. Electronic surveying systems, including the use of satellites to pinpoint ground locations, will substantially reduce the manual effort previously associated with surveying. The addition of 1,200 computer terminals, 1,500 microcomputers, and a variety of new mini- and mainframe computer systems have improved significantly the effectiveness of many of Caltrans' basic accounting, budgeting, and engineering functions. When fully implemented, these efforts will reduce the Department's resource needs by more than 425 personnel years and \$25 million annually.

In 1987-88, Caltrans will continue to implement advanced electronic technologies to improve productivity. Its major new activity will be the implementation of a centralized Data Base Management System (DBMS). The new DBMS will integrate 11 major Caltrans data processing systems, thereby permitting the production of more timely and thorough management reports at a lower cost. Other benefits will include the elimination of the high operating and maintenance costs associated with the existing individual systems, and an increase in the productivity of Caltrans' systems development specialists. In 1987-88, \$900,000 is being bud-



geted for DBMS and \$2.7 million for the development of other automated systems.

During 1986-87 and 1987-88, the Department will be implementing the results of its "Caltrans 2000" effort to streamline its operations and ensure that staff resources are allocated to the areas of greatest value. A total of 636 PYs will be redirected as a result of this effort.

**Rail Services.** The Department of Transportation contracts with Amtrak and Southern Pacific railways to operate 3 passenger train services. In the San Francisco Bay area, the Peninsula Commute Service carries over 5 million passengers annually and is the focus of a concerted effort to modernize rail passenger service on the San Francisco-San Jose Peninsula. Over the past 4 years, the Department and the Federal Urban Mass Transportation Administration have spent more than \$146 million to replace the Peninsula Commute's fleet of passenger cars and locomotives, purchase and rehabilitate passenger stations and improve tracks. The 1987-88 Budget proposes to spend \$41 million to develop a centralized rail car and locomotive maintenance facility, construct a new passenger terminal in San Jose and continue its existing programs of track improvement and station rehabilitation.

The San Joaquin Rail Service operates daily between Oakland and Bakersfield, with bus connections to Los Angeles. Since 1982-83, the San Joaquin's farebox ratio has increased from 42 percent to 63 percent in response to an aggressive marketing campaign, station improvements and the development of improved feeder bus service.

In Southern California, the San Diegan Rail Service operates daily between Los Angeles and San Diego, with annual ridership of 1.4 million passengers. Since 1982-83, the farebox ratio for the San Diegan has risen from 59 percent to more than 88 percent. In 1986-87, \$9 million will be expended by Caltrans and Amtrak to convert the San Diegan trains to a more efficient

mode of operation. This will permit the addition of an eighth Los Angeles-San Diego roundtrip daily, as well as the extension of the service once each day to Santa Barbara, at no increase in operating cost.

## Department of Motor Vehicles

The Department of Motor Vehicles (DMV) provides a variety of services to:

- Protect the public interest in vehicle and vessel ownership.
- Promote highway safety and financial responsibility by regulating the issuance and retention of driver licenses.
- Provide public protection by licensing and regulating occupations and businesses related to the manufacture, transport, sale and disposal of vehicles.
- Provide various revenue collection services for State and local agencies.

The 1987-88 Budget proposes a funding level of \$350.1 million, and 7,692 personnel years. The Department is continuing to improve service and convenience to the public while, at the same time, adopting more efficient operational methods. Specific program highlights include the following:

**Phone (Mail) Appointment Service.** Easy access to the DMV via the telephone allows customers to avoid repeat visits to the office, to complete routine transactions by mail and/or to make an appointment so that a wait in line is unnecessary.

**EDP Support.** The Department's data processing systems handle some 249 million transactions annually and maintain about 64 million registration and driver license records. The budget proposes \$3.1 million to continue the conversion of the DMV's data base to the Teale Data Center, which will improve the level of service by increasing the system's capacity and response time.

**Improved Field Office Operation.** The Department proposes a reduction of \$1.9 million and 119.3 personnel years due to efficiencies achieved through the automation of the driver license issuance process. The automated process eliminates manual tasks such as stamping and handwriting on documents, coding and fee computation. The improved process effectively shortens the time required to issue driver licenses.

Additionally, to improve service and accessibility for the public, the Department proposes an expenditure of \$1.4 million to lease 6 new satellite offices.

## Department of Insurance

The 1987-88 Budget proposes \$28.2 million and 450.4 personnel years for the Department of Insurance.

This funding level provides an increase of \$2.1 million and 12.4 personnel years to increase the State's enforcement of fraudulent insurance activities and investigation of complaints against insurance licensees and to contract with the Department of Aging to provide funding for the Health Insurance Counseling and Advocacy program. The Department will conduct additional investigations of fraudulent claims activities which are estimated to account for an annual loss in excess of \$1 billion in California and increase the cost of insurance to the State's consumers. The Department estimates that, as a result of insurance fraud, at least 20 percent of the premium dollars paid by insurance consumers is attributable to this factor.

This proposed augmentation will also enable the Department to conduct additional investigations of licensed persons, insurance companies and other persons in the insurance industry to determine whether violations of the law have occurred.

In addition, the 1987-88 Budget proposes to continue funding for the 6 additional rate regulation staff provided during the current year. The additional staff have enabled the Department to increase its rate ex-

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*"The Department('s) . . . technical and financial assistance . . . (places) special emphasis . . . on the needs of low-income families, seniors, farmworkers, the disabled and the homeless."*

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aminations of insurance companies and insurance rating and advisory organizations to ensure that insurance rates are not excessive, inadequate, or discriminatory.

### **White Collar Crime Task Force**

In 1986, the Business, Transportation and Housing Agency established a White Collar Crime Task Force comprised of enforcement and investigative personnel from five state financial regulatory departments (Insurance, Banking, Savings and Loan, Real Estate and Corporations). The Task Force was organized as a result of concern over the growth in fraudulent activities in the financial services sector and the impact on both the regulated institutions and the public. Those fraudulent activities often cross from one financial services industry to another and, therefore, from one department's jurisdiction to another. To effectively identify and act against improper or criminal activities within the financial services industry, the Task Force will continue the lines of direct communication and coordinated action among the regulatory departments.

### **California Film Office**

The 1987-88 Budget proposes an increase of \$130,000 and one position to provide additional support for the California Film Office and to implement a filmmaking marketing program to halt "runaway production" of filmmaking from California.

The California film industry generates annual revenues in excess of \$4 billion and provides over 230,000 jobs. The filmmaking marketing program will enable this State to compete with other states that are ag-

gressively working to attract film production away from California.

### **Rural Renaissance**

Chapter 1147, Statutes of 1986 created two new economic development programs as part of the Administration's Rural Renaissance Program. This legislation established the Rural Economic Development Promotion Program and appropriated approximately \$8 million to provide grants to eligible rural counties for promotional purposes. It also established the Rural Economic Development Infrastructure Program to finance rural infrastructure improvements to attract business investment to California.

The 1987-88 Budget proposes \$30 million to implement the Rural Economic Development Infrastructure Program. These funds will make

multitude of programs and services designed to help provide safe and affordable housing for all Californians. This is accomplished by establishing and enforcing codes and standards for conventional and manufactured housing. The Department also provides technical and financial assistance to local housing sponsors and builders to encourage the development of new housing and the rehabilitation of existing housing. Special emphasis is placed on the needs of low-income families, seniors, farmworkers, the disabled and the homeless. Additionally, rural communities are provided assistance for various infrastructure projects, such as water and sewer systems.

The 1987-88 Budget proposes \$105 million and 548.1 personnel years for the Department's programs and services.

### **California Housing Trust Fund**

The California Housing Trust Fund, created by legislation enacted in 1985 (Chapter 1584), supports various programs for low-income persons from Tidelands revenues. The

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*"The 1987-88 Budget proposes \$30 million to . . . make low-interest loans and grants available to eligible rural communities to enable them to make necessary capital improvements. . . ."*

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low-interest loans and grants available to eligible rural communities to enable them to make necessary capital improvements to realize new or additional business activity, create new jobs and strengthen California's economy. (For further information on the Rural Renaissance program, refer to the Building California—A Partnership for Progress: Year IV section.)

### **Department of Housing and Community Development**

The Department of Housing and Community Development offers a

1987-88 Budget proposes to continue the fund's 1986-87 level (\$10 million) as follows:

- Farm Labor Housing Rehabilitation, \$1 million.
- Emergency Shelter Program, \$4 million.
- Self-Help Housing Program, \$2 million.
- Senior Shared Housing, \$0.5 million.
- Special User Housing Rehabilitation, \$2.5 million.





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## Health and Welfare

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The Health and Welfare programs presented in the Governor's Budget are aimed at improving the quality of life for the millions of Californians needing assistance. Individual programs offer a range of services such as meals for the elderly, medical care, alcohol and drug prevention and unemployment benefits, and are directly concerned with the physical, mental and social well-being of Californians. The program areas listed in Table 7-1 account for approximately 30 percent of the General Fund.

For 1987-88, Health and Welfare expenditures total \$18.4 billion in combined State and federal funds and account for 37,255.6 personnel years. The allocation of these funds is shown in Figure 7-2.

for individuals served in the State's Health and Welfare programs are local agencies. It is important that these local organizations have as much discretion as possible to effectively and efficiently assist California's citizens.

Therefore, as part of this Administration's continuing effort to promote increased local flexibility and control over program expenditures, the 1987-88 Budget proposes a transfer of a portion of the County Health Services program (AB 8) and the Public Health Categorical programs to the counties. The AB 8 program provides financial assistance to counties in augmentation of local funding for public health services. The Public Health Categorical programs (e.g., Dental Health, Family Planning, and Rural Health) provide grants and technical assistance to agencies serving various client groups. This transfer will be accomplished through a shift of revenue resources which will increase the county portion of shared revenues by \$477 million. (For further detail, refer to the Building California—a Partnership for Progress: Year IV section.)

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*“ . . . as part of this Administration's continuing effort to promote increased local flexibility and control over program expenditures, the . . . Budget proposes a . . . shift of revenue resources which will increase the county portion of shared revenues by \$477 million.”*

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Proposed General Fund expenditures include over \$459 million in recognition of caseload increases in a variety of program areas, including AFDC, Mental Health, Developmentally Disabled and Child Welfare Services. Except for services provided through the State hospital system and the Employment Development Department, the primary contact

### **Greater Avenues For Independence Program**

The Greater Avenues for Independence (GAIN) program, which was authorized in 1985, is intended to reduce welfare dependency for a significant portion of single parents and their children. This is being accomplished by providing Aid to Families with Dependent Children (AFDC) recipients with a mandatory



**Table 7-1  
Major Health and Welfare Program Caseloads**

<b>Program</b>	<b>Average Caseload</b>		<b>Change</b>
	<b>1986-87</b>	<b>1987-88</b>	
1. California Children's Services (treatment of physical handicaps) .....	87,550 <sup>a</sup>	91,680 <sup>a</sup>	4,130
2. Medi-Cal (provision of medical services to eligible poor) .....			
a. Certified eligibles .....	3,016,200	3,051,800	35,600
b. Average monthly users (fee-for-service only) .....	1,350,610	1,377,190	26,580
3. AFDC (support for unemployed persons with minor children) .....	572,400	579,300	6,900
4. SSI/SSP (support for aged, blind and disabled) .....	698,500	716,792	18,292
5. State Hospitals .....			
a. Mental health clients .....	4,700 <sup>b</sup>	4,788	88
b. Developmentally disabled clients .....	6,515 <sup>b</sup>	6,330	- 185
6. Community Developmentally Disabled Services .....			
a. Regional centers .....	82,775	87,448	4,673
b. Work activity program .....	14,832	15,823	991
7. Vocational Rehabilitation .....	17,000	17,200	200
8. Employment Services (individuals placed) .....	284,094	300,000	15,906
9. Unemployment Services (total weeks claimed) .....	20,152,000	20,203,000	51,000
10. Meals for Elderly Citizens .....	298,290	298,290 <sup>c</sup>	- <sup>c</sup>
11. In-Home Supportive Services .....	119,267	126,967	7,700
12. Child Welfare Services .....	96,760 <sup>e</sup>	103,975 <sup>e</sup>	7,215 <sup>e</sup>
13. Food Stamps .....	565,700	574,100	8,400
14. Alcohol Programs .....	187,000 <sup>d</sup>	187,000 <sup>d</sup>	-
15. Drug Programs .....	111,000 <sup>d</sup>	111,000 <sup>d</sup>	-
16. Community Mental Health .....	550,000	570,000	20,000

<sup>a</sup> This figure represents the unduplicated number of children in the CCS Program.

<sup>b</sup> Represents the year-end population upon which the budget is based.

<sup>c</sup> Unduplicated participant count.

<sup>d</sup> Number of participants served during the fiscal year.

<sup>e</sup> Represents monthly Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service areas. Due to transfers between each service area a case may be reflected in more than one service area.

program that will offer them a broad range of employment and supportive services as a means of achieving self-sufficiency.

Initially, the GAIN Program was expected to be operational in all counties within 3 years and fully implemented statewide in 5 years. However, based on the counties' enthusiastic response to the GAIN program, the current expectations are for a speedier implementation.

implement the GAIN program prior to the end of the current year.

- Screening tests have been developed in conjunction with the State Department of Education (SDE) to determine appropriate referrals of GAIN participants to remedial education as part of their GAIN basic contract.
- In an effort to maximize federal financial participation, a tracking

expected to be operating a GAIN program. Based on this number of counties implementing a GAIN program, the number of AFDC recipients participating could range from 200,000 to 300,000.

The Governor's Budget recognizes the counties' revised implementation schedule and provides the additional resources necessary to meet the requirements of the GAIN program. As part of the enabling legislation, several existing program resources were identified as currently serving potential GAIN recipients. These specific program funds are considered available to help meet the overall resource requirements for the GAIN program. Available resources are:

- A proportionate share of the Job Training Partnership Act (JTPA) funds (\$6.6 million and General Fund matching of \$6.6 million) administered by the SDE.
- \$4.2 million in Adult Education growth funding has been targeted

***"The . . . GAIN program . . . is intended to reduce welfare dependency for a significant portion of single parents and their children."***

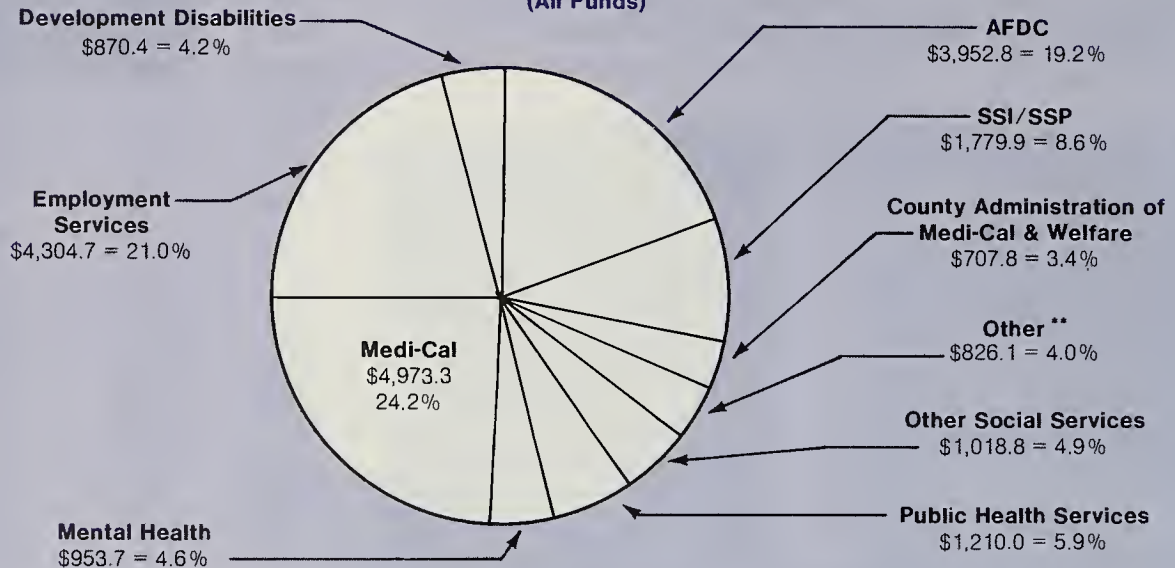
The major accomplishments in the current year include:

- In the first 6 months of 1986-87, 9 counties have implemented the GAIN program. An additional 20 to 25 counties are anticipated to

mechanism has been developed by the Department of Social Services and the SDE to determine the level of subsidized child care provided for the children of GAIN participants.

In 1987-88, up to 56 counties are

**Figure 7-2**  
**Health and Welfare**  
**Proposed 1987-88 Expenditures \***  
**Amounts in Millions**  
**(All Funds)**



\* Includes State Support and Local Assistance  
 \*\* Reflects allocations for the Health and Welfare Agency, Department of Aging, Department of Alcohol and Drug Programs, Health and Welfare Consolidated Data Center, Office of Statewide Health Planning and Development, Department of Rehabilitation, Emergency Medical Services Authority, Governor's Advisory Committee on Child Care, State Council and Area Boards on Developmental Disabilities, State support for the Department of Health Services, including Toxic Substances Control Division, and the Department of Social Services. Also included are the costs associated with Health and Welfare mandates and bonds.

to provide remedial education services to GAIN participants.

- The Employment Training Panel, which is responsible for providing employment training and placement opportunities, will dedicate \$5 million to serve GAIN participants who meet the statutory requirements for Panel Training.
- \$3 million from the Career Opportunities Development (COD) pro-

gram operated in the State Personnel Board is assumed to be available to serve GAIN participants as counties transition their Work Incentive (WIN) program to GAIN.

- Various other funding sources (e.g., JTPA, Community Colleges, Employment Development Department, etc.) have been identified as a priority to provide continued support as the GAIN

program is implemented statewide.

The Governor's Budget also proposes to set aside \$40 million to fund GAIN services in agencies where there is a demonstration that additional resources are necessary. It is the intent of this Administration that the program be fully funded and that resources be made available to the appropriate agencies. Funding for the GAIN program is summarized in Table 7-3.

**Table 7-3**  
**Estimate of Gain**  
**Costs and Savings**

	1987-88 (In Thousands)	
	Total	General Fund
Total Estimated Costs .....	\$265,900	\$129,300
Less Available Funding .....	-104,100	-59,300
Net New Program Costs .....	\$161,800	\$70,000
Grant Reductions .....	-\$75,200	-\$32,200
Avoidance/Recidivism .....	-54,800	-23,400
Food Stamp/Medi-Cal/Admin..	-2,600	-900
Net Program Savings .....	-\$132,600	-\$56,500
Total Net Impact .....	\$29,200	\$13,500

Full implementation is not expected until 1991.

## California Children's Initiative

During the past four years, this Administration has made a substantial investment in the future by making a strong commitment to the young people of California. This commitment has been demonstrated through a variety of programs. These include education being a top budget priority, increased funding for anti-drug programs, new methods to collect child support payments from absent parents, in-



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***"The . . . Children's Initiative . . . will address the high priority areas of child care, drug and alcohol education and prevention, child support, crime prevention, health services and physical fitness."***

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creased funds and tax credits for child care and last year's initiation of the Greater Avenues for Independence program (GAIN), aimed at breaking the cycle of welfare dependency in California. In particular, the enactment of a program, such as GAIN, should ensure a brighter future for more of our young people.

The 1987-88 Budget proposes to continue and strengthen this commitment through a Children's Initiative. This Initiative will address the high priority areas of child care, drug and alcohol education and prevention, child support, crime prevention, health services and physical fitness.

Significant highlights of the Initiative include:

- An increase of \$50,000 in the Foster Grandparent Program in the Department of Aging.
  - A \$1 million augmentation to the Department of Health Services (DHS) to train day care workers in the identification and prevention of potential health risks facing children.
  - A \$200,000 augmentation to the Department of Alcohol and Drug Prevention for expansion of the successful "Learn to Say No" program, a public awareness campaign targeted at youth.
  - \$313,000 for expansion of the "Friday Night Live" program, aimed at prevention of teenage driving under the influence.
  - A \$7.5 million augmentation to the Department of Justice to fund 95 additional Special Agent positions in the Bureau of Narcotics to accelerate the fight against drug abuse.
  - \$896,000 to the Emergency Medical Services Authority to expand
- the level of poison control activities across the State.
- \$80,000 to the DHS for increased research efforts on Sudden Infant Death Syndrome, the leading cause of post-neonatal death in infancy.
  - \$275,000 for continuation of Chapter 481, Statutes of 1986, which established the Childhood Lead Poisoning Prevention Program in the DHS.
  - \$806,000 is also provided to the DHS to extend Child Health and Disability Prevention health assessment services to children from 13 months through 29 months of age.
  - A \$332,000 augmentation to the Department of Social Services to assist in the development of a statewide child support lien sys-

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***"California's commitment to AIDS funding exceeds the combined total amount budgeted by the other 10 states with major AIDS caseloads . . . and . . . is almost 3 times the amount budgeted by the state of New York which has the largest number of reported AIDS cases. . . ."***

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tem. A centralized registry of this type will strengthen the strategies used in California to collect unpaid child support.

- \$635,000 from the Victim Witness Fund to establish a Juvenile Prostitution Prevention Program in the Office of Criminal Justice Planning.
- \$38,000 for establishment of a Council on Physical Fitness and Health in order to foster physical

fitness and health among California youth.

- \$50,000 for promotion of physical fitness through health report cards to be distributed in schools. This will be a pilot project in 1987-88.

### **Acquired Immune Deficiency Syndrome (AIDS)**

Acquired Immune Deficiency Syndrome (AIDS) is one of the most severe public health threats faced by our society in recent history. Currently, there is still no known cure for this fatal, communicable disease. As a means of strengthening the focus on AIDS, the 1987-88 Budget reflects the elevation of the former AIDS Section within the Preventive Medical Services Division to the Office of AIDS which will report directly to the Deputy Director for Public Health within the Department of Health Services.

California's commitment to AIDS funding exceeds the combined total amount budgeted by the other 10 states with major AIDS caseloads (\$28.6 million), and, for example, is almost 3 times the amount budgeted by the state of New York

which has the largest number of reported AIDS cases and is second in funding to California.

Over the term of this Administration, \$86.6 million has been committed to solving this major health crisis.

State funding for AIDS programs totals \$31.5 million in the current year and \$32.1 million in 1987-88. Some of the major components of the proposed AIDS budget include:

- \$9.6 million to the University of California for research.



- \$7 million for information and education grants and related support activities.
- \$2.6 million for epidemiologic investigation and surveillance.
- \$2 million for HTLV III testing sites.
- \$1.5 million for community support block grants.
- \$1 million for a skilled nursing facility pilot project.

In addition, Chapters 1462 and 1463,

tient services which are not generally available in local communities. Through its Community Services program, the Department provides a network of treatment and supportive services in a local setting to enable mental health clients to live independently.

The Governor's Budget for 1987-88 continues the multi-year Mental Health Initiative, which began in 1984. This Initiative will help to ensure full accreditation and certifica-

Atascadero.....	\$7,020,000
Metropolitan.....	\$708,000
Patton.....	\$8,310,000
Camarillo .....	\$11,558,000
Napa .....	\$7,505,000
	<u>\$35,101,000</u>

The proposed augmentation in the Governor's Budget reflects the following:

- Construction funds for 4 major fire and life safety and environmental improvement remodeling projects in patient occupied buildings at Camarillo, Napa and Patton.
- Construction funds for additional offices related to increased level of care staffing at Atascadero.
- Planning funds for 4 major fire and life safety and environmental improvement remodeling projects in patient buildings at Atascadero (all units), Patton (last phase), Napa (fourth of five scheduled phases) and Camarillo (third of four scheduled phases).
- Other critical major capital outlay fire and life safety or health and safety code related projects at Atascadero and Metropolitan plus minor improvements statewide.
- Approximately \$2 million for the second phase of design and installation of personal alarm systems statewide. Proposals will be developed in subsequent years in order to phase these improvements in other buildings scheduled for future remodeling.

***"The . . . Budget . . . continues the multi-year Mental Health Initiative, which . . . will help to ensure full accreditation and certification for the State hospital system, and a community-based mental health system that provides a full range of services needed at the local level."***

Statutes of 1986, appropriated a total of \$10 million (\$7 million in 1986-87 and \$3 million in 1987-88) for the establishment of an AIDS Vaccine Research and Development Program and the implementation of AIDS vaccine clinical trials, including the establishment of an AIDS Vaccine Injury Compensation Policy Review Task Force. Together, these measures will stimulate AIDS vaccine development in this State while providing for the reimbursement of State funds if a licensed vaccine is developed. In addition, the needed governmental stimuli is provided for private industry to promote the development of a vaccine to fight this deadly disease.

## Mental Health

Mental health problems are treatable, but if left untended, can result in significant losses to society. The Department of Mental Health promotes access to appropriate mental health services for all California residents. Through its State Hospital Services program, the Department provides specialized quality inpa-

tion for the State hospital system, and a community-based mental health system that provides a full range of services needed at the local level. The budget proposes more than \$334 million to support the State hospitals, representing a 59.2 percent increase over fiscal year 1982-83; and \$619.6 million for the Community Services program, representing a 49.7 percent increase over 1982-83.

The Mental Health Initiative proposes \$35.1 million in capital outlay projects (both major and minor) for State hospitals during 1987-88. This augmentation represents the fourth increment of a multi-year capital outlay plan to bring the State hospitals into compliance with fire and life safety requirements and provide environmental and security enhancements for hospital patients. These improvements will better ensure the safety and well-being of hospital patients and will increase the State hospitals' opportunities for increased federal funding through certification and accreditation. The hospitals affected and funding provided are:

## Office of Statewide Health Planning and Development

The Office of Statewide Health Planning and Development administers programs which contribute to the development of the State's health policy relative to health facilities and services. The programs focus on collection of health facility cost and utilization data, oversight of demonstration projects which test new health procedures, assessment of existing and future health staffing needs and compliance of major

health facilities with State building codes.

The 1987-88 Budget proposes \$25.1 million and 253 personnel years for the Office.

As part of the Administration's continuing efforts to improve the quality of health care provided to the citizens of California, a Demonstration Projects program has been established in the Office of Statewide Health Planning and Development. The purpose of this program is to test new strategies aimed at improving the delivery of health care. These projects, which were established by legislation, include testing the effectiveness and safety of providing cardiac catheterizations in an outpatient setting, demonstrating the efficiency of providing integrated services to Alzheimer's patients with the hope of refining and improving existing treatment services, and testing the effectiveness and safety of providing recovery services to outpatient post surgical patients. The Demonstration Projects program will meet these objectives by overseeing and monitoring the demonstration projects and by providing recommendations on improvements in the delivery of health care.

### Department of Aging

The Department of Aging is the principal agency for the provision of services to the elderly. As such, it provides a variety of services through the Area Agencies on Aging to nearly 4 million older Californians. The primary emphasis is in the area of long-term care. Programs in this area assist the elderly to live independently and avoid premature institutionalization.

The Governor's Budget proposes a funding level of \$126 million and 137.8 personnel years for Fiscal Year 1987-88.

**Seniors Initiative.** The budget proposes the Governor's Senior Initiative to assist seniors live their lives with peace of mind and personal dignity. As part of this Initiative, the Department of Aging is proposed to increase by \$620,000 and 2 positions for the Health Insurance Counseling

members who care for disabled senior relatives.

**Long-Term-Care Services.** In a continuing effort to provide long-term-care services for the elderly, this Administration is pursuing an expansion of the Home and

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*"As part of the Administration's continuing efforts to improve the quality of health care provided to the citizens of California, a Demonstration Projects program has been established . . . to test new strategies aimed at improving the delivery of health care."*

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and Advocacy program (HICAP). This represents a 70 percent increase over the 1986-87 level of funding. The HICAP program was established by Chapter 1464, Statutes of 1984, in order to provide insurance information and counseling services to the elderly. The augmentation proposed by the Seniors' Initiative will result in an expanded, comprehensive, statewide health insurance education program for seniors which will assist them in making informed decisions regarding their insurance needs.

In addition, the Initiative proposes:

- Legislation be introduced to enhance penalties against purse snatchers and those who defraud older Californians, and stronger punishment for burglaries when the victim is 60 years of age or older.
- Legislation to add an income tax checkoff so taxpayers may devote a portion of their refund to Alzheimer's research.
- An income tax deduction for respite care expenses paid by family

Community-Based Waiver Authority, of Title XIX, of the Social Security Act, under which the Multipurpose Senior Services Program (MSSP) is funded. Any expansion in this program will be contingent upon approval of this request by the Federal Government.

### Department of Alcohol and Drug

The Department of Alcohol and Drug Programs (DADP) provides leadership and coordination for California's comprehensive alcohol and drug abuse prevention and treatment services delivery system. The Department licenses methadone programs, multiple offender drinking driver programs and alcoholism facilities. The DADP also monitors the effectiveness of local alcohol and drug abuse programs serving approximately 300,000 persons each year.

The Governor's Budget proposes \$126.9 million and 164.5 personnel years for Fiscal Year 1987-88. Included are the following significant budget increases:

- \$96,000 and 1.4 personnel years for licensing of local multiple offender drinking driver programs. This represents a funding increase of 34 percent over current year, which will be supported by fees collected from program participants.

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*"The budget proposes the Governor's Senior Initiative to assist seniors live their lives with peace of mind and personal dignity."*

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■ \$7.9 million in federal funds from the Emergency Substance Abuse Treatment and Rehabilitation Block Grant. This represents California's share of the funds allotted by the Federal Government on the basis of population. California will receive additional funds on the basis of states' needs. The "needs" allocation

or 46.2 percent, increase from 1982-83 to the proposed 1987-88 funding level.

Significant changes in the budget include:

**Child Welfare Services.** The purpose of Child Welfare Services is to provide emergency, maintenance and placement services to abused and neglected children and their

Special Needs Children Placement program in 1980-81, there has been an increasing number of children participating in the program and a decrease in the number of placements. In an effort to increase the number of placements of special needs children, the Governor signed into law Chapter 1517, Statutes of 1986 (AB 3168). This legislation appropriated additional General Fund resources to private adoption agencies to increase the number of special needs children placements.

The 1987-88 Budget provides \$14.7 million for Adoption services, which includes continued increased funding for the placement of special needs children.

**Foster Care Liability Insurance.**

As a result of the increasing cost of liability insurance, operators of foster family homes have found that commercial insurance to cover the liability of maintaining a foster home is becoming increasingly expensive, if available at all. In an effort to address the insurance crisis, the Governor signed into law Chapter 1330, Statutes of 1986 (SB 1159), authorizing the development of the Foster Family Home and Small Family Home Insurance Fund. The intent of the Fund, established within the Department of Social Services, is to indemnify foster parents against actions arising out of activities as a foster parent which are not normally covered by homeowner's insurance. This legislation also insures basic homeowner's coverage by including language prohibiting discrimination by the insurance industry against foster parents. In 1987-88, there will be an estimated 32,560 children in foster family homes.

**Cost-of-Living Adjustment.** The Governor's Budget proposes a \$114 million increase to address

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*In an effort to increase the number of placements of special needs children, the Governor signed into law . . . legislation (which) appropriated additional General Fund resources to private adoption agencies to increase the number of special needs children placements."*

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will be received once the federal distribution formula has been developed. In accordance with federal requirements, this additional funding will be available to support new alcohol and drug abuse treatment and rehabilitation programs, increased availability and outreach of treatment services, expanded treatment and rehabilitation programs and access to vocational training and job counseling for victims of drug and alcohol abuse.

Further, it is anticipated that an additional grant will be received from the United States Department of Education pursuant to the Federal Anti-Drug Abuse Act. Upon receipt of these funds, an expenditure proposal will be developed. First priority will be given to providing \$500,000 to expand the School/Community Primary Prevention Program.

**Social Services**

The Department of Social Services is responsible for the protection, care of and assistance to people in the State. The Department meets this obligation by providing appropriate aid and services to those in need.

The proposed budget for 1987-88 is \$7.6 billion and 3,535.7 personnel years. This represents a \$2.4 billion,

families. From 1982-83 to 1986-87, the Administration has increased General Funds for the Child Welfare Services Program by approximately \$150.9 million from 1982-83 (\$11.9 million) to 1986-87 (\$162.8 million). The 1987-88 Budget continues the Administration's commitment to fully fund Child Welfare Services by including \$208.3 million for these services. This represents a \$45.5 million (28 percent) increase over 1986-87.

**Adoptions Program.** The Adoption Program within the Department of Social Services provides services to parents who wish to place their children for adoption and to persons who wish to adopt children. These services are provided through the intercountry, relinquishments and independent programs. A major emphasis in this area has been the placement of children with special needs. This includes children with mental, physical, medical or emotional handicaps and children of a sibling group which should remain intact. Since the inception of the

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*"The intent of the Fund . . . is to indemnify foster parents against actions arising out of activities as a foster parent which are not normally covered by homeowner's insurance."*

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statutory requirements for cost-of-living adjustments (COLA). A half year 3.6 percent COLA is proposed for the Aid to Families with Dependent Children (AFDC) and In-Home-Supportive Services (IHSS) programs effective January 1, 1988. Because COLAs for the Supplemental Security Income/State Supplementary Program (SSI/SSP) are normally granted January 1, a half year 3.6 percent increase is proposed to be effective April 1, 1988.

## Department of Health Services

The Department of Health Services

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***“Starting in 1984–85, increases in the number of people availing themselves of the Medi-Cal program have been noticeably greater than increases in the number of people eligible for Medi-Cal benefits.”***

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is responsible for a broad range of programs which include provision of medical services to the economically disadvantaged, protection of California citizens from unsafe foods, drugs, drinking water and hazardous materials, and enforcement of minimum health standards in health facilities.

The 1987–88 Budget for the Department is proposed at \$6.2 billion (exclusive of the Toxics Substances Control Program which is budgeted at \$102.9 million). The 1982–83 budget for the Department of Health Services totaled \$5.6 billion (3849.2 personnel years) of which \$13.1 million (141.8 personnel years) was budgeted for the Toxics Substances Control Division. This proposed 1987–88 budget represents a 12 percent increase over the 1982–83 level, exclusive of the toxics activities. (For further detail of changes in the toxics-related activities, refer to the Environmental Quality Section.)

**Cost-of-Living Adjustment.** The Governor's Budget includes \$5.6 million for increased Medi-Cal costs

associated with the statutory COLA in the AFDC program, effective January 1, 1988.

**Medi-Cal.** The last major revision to the Medi-Cal program was in 1982. The 1982 changes were highlighted by “hospital contracting” and a transfer of the Medically Indigent Adult program to the counties. Other changes adopted in 1982 included a 10 percent reduction in provider rates, revised eligibility criteria, diverting persons from acute care facilities to in-home alternatives, and restrictions in the drug formulary and the definition of “medical necessity.” Since its adoption, many of the revisions

with basic guidelines for program growth adopted by the electorate in Article XIII(b) of the Constitution.

In order to mitigate accelerating costs in the Medi-Cal program, the Department of Health Services reduced provider rates by 10 percent through the current year. Providers of obstetrics and maternity services were excluded, and elective medical services to program beneficiaries were left intact. Payments for inpatient hospital and emergency services, as well as nursing home and convalescent hospital services were also exempted. In addition, discussion with Los Angeles County have begun in order to resolve a pending audit settlement.

The Administration will continue to work with Medi-Cal providers, the Legislature and other interest groups to formulate long-term reforms.

The resultant restructuring of the program is expected to permit the State to provide necessary medical benefits to the needy while containing program costs at a level which is 5 to 10 percent less than current trends would indicate. In restructuring the program, the Department will strike a balance between providing a wide range of basic benefits and ensuring that taxpayers are not asked to fund a program which provides more benefits than would typically be provided as part of an employee benefit package.

**California Tumor Registry.** Pursuant to Chapter 841, Statutes of 1985, the Department of Health Services is continuing to develop and expand the California Tumor Registry.

have been nullified by court decisions or modified through legislation.

The Medi-Cal program has grown from \$4 billion to \$5 billion since 1983–84. If there are no changes to mitigate the currently forecast growth trends, the Medi-Cal program will be at \$5.3 billion in 1987–88. Starting in 1984–85, increases in the number of people availing themselves of the Medi-Cal program have been noticeably greater than increases in the number of people eligible for Medi-Cal

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***“Through the Register, an improved understanding is gained of the occupational, environmental and geographical trends associated with the transmission of cancer.”***

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benefits. In other words, utilization under Medi-Cal is increasing faster than the population being served. This phenomenon is not compatible

try. The Tumor Registry is a data base through which cancer incidence data are reported. The data are used to determine statistically significant patterns or incidences

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and possible cause and effect relationships. Through the Registry, an improved understanding is gained of the occupational, environmental and geographical trends associated with the transmission of cancer.

The 1986-87 Budget for the Statewide Cancer Registry totals \$2.8 million. The 1987-88 Budget has been increased substantially and provides a total of \$5.4 million for:

- Continuation and expansion of the registry in an effort to complete statewide implementation by 1990. The Registry is being implemented statewide through the establishment of 10 regional registries and a central registry.
- Full year support for the initial six regional registries and the central tumor registry and start-up funds for the last four regional registries.
- Funds for State assumption of the costs for the Los Angeles registry which has been historically supported by the Federal Government.



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# Natural Resources

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The Resources Agency is responsible for the protection of California's uniquely rich and diverse natural resource base. The Agency, through a wide range of programs, ensures the preservation, sound management and wise use of the State's water, fish, wildlife, forest, mineral and recreational resources.

The Governor's Budget proposes total Resources program expenditures in 1987-88 of \$1.2 billion for State operations and local assistance, as shown in Table 8-1.

Following are major programs contained within the Resources Agency.

## Parks and Recreation

The Department of Parks and Recreation is responsible for acquiring, preserving, developing and managing the natural, cultural and recreational resources in the State Park System. This system consists of 285 individual units, including 42 units administered by local and regional park agencies. These park units contain approximately 1.4 million acres, over 290 miles of ocean and bay frontage and 676 miles of lake, reservoir and river frontage. Over 75 million visitor-days are expected in 1987-88.

Park unit acreage includes 103,000 acres in six units for the Off-Highway Motor Vehicle Recreation Division. Over 1.4 million visitor-days are expected at these 6 units in 1987-88.

The Governor's Budget proposes a funding level of \$142.3 million and 2,856.9 personnel years for the Department in 1987-88. Significant program increases include:

- \$1.6 million and 31.4 personnel years for the operation and maintenance of new developments that will be completed and open for public use in 1987-88. These units represent an investment of over \$20.1 million in various State funds including bond funds and \$4.4 million from the Off-Highway Vehicle Fund.
- \$4 million and 26.1 personnel years for existing and new operational needs such as automated information systems, telecommunications equipment and increased public health and safety needs.
- \$1.9 million to implement a 3-year plan to eliminate the equipment replacement backlog.
- \$1.2 million to implement a multi-year plan to eliminate the de-

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*"The Agency, through a wide range of programs, ensures the preservation, sound management and wise use of the State's water, fish, wildlife, forest, mineral and recreational resources."*

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ferred maintenance and special repair backlog.

- In addition to the \$142.3 million budget reflected in Table 8-1, \$49.9 million is proposed, principally from general obligation bond funds, for various park acquisition and development projects. This amount includes \$3.5 million for off-highway vehicle areas.

## Water Resources

The role of the Department of Water Resources is to protect, develop and manage California's water supply. The Department has a responsibility



for development of sufficient water to meet household, agricultural, industrial, recreational, and power generation as well as fish and wildlife needs. The Department also has major public safety responsibilities for flood prevention, dam safety and safe drinking water supplies.

The Governor's Budget for 1987-88 proposes \$287 million in State operations and local assistance funding and 2,655.7 personnel years. This funding amount represents a decrease from the 1986-87 level, primarily due to a reduction in the funding available from the 1976 Safe Drinking Water Bond Act and the 1984 Clean Water Bond Act.

Approximately half of the Department's budget represents funding to maintain and operate the State Water Project. The Water Project is one of the most extensive and effective flood control and water management systems in the world. It collects, stores and transports water from Northern California to Central and Southern California for agricultural and domestic use.

Major proposals for 1987-88 include the following:

- \$18.3 million to continue the State's support for flood control activities and projects. This funding includes \$4.5 million to continue the second phase of major sediment removal projects at weirs and bypasses on the Sacramento River, \$2 million to continue the delta levee maintenance subventions program, under which the State shares costs with local districts for non-project levee maintenance in the delta, and approximately \$400,000 for small flood control projects. An additional \$11.4 million is proposed for continuation of the State's flood control subventions program.
- \$28.9 million in 1986-87 and \$43.2 million in 1987-88 in local assistance loans to provide for construction of water conservation and groundwater recharge projects under the provisions of the Water Conservation and Water Quality Bond Law of 1986.

- \$4 million to continue an active water conservation program to address the State's urban and agricultural water conservation needs.

- \$1.1 million to provide program support for various bank protection, dam safety, flood management, and urban creek flood con-

## Fish and Game

The Department of Fish and Game is responsible for ensuring the perpetuation of healthy and abundant fish, wildlife, and plant resources for use and enjoyment by the people of the State now and in the future. Through the management of its 55 wildlife areas and 25 inland and anadromous fish hatcheries, the Department provides recreation to 2.4 million anglers and hunters. In addition, the Department monitors 9,500 land and water development projects to ensure the protection of the State's natural resources.

The Governor's Budget for 1987-88 proposes a funding level of \$106.5 million and 1,507.9 personnel years. Major expenditure proposals include:

- \$790,000 to increase the Department's enforcement program. Of this amount \$340,000 is for additional operating expenses and equipment to support the special undercover enforcement teams, and \$450,000 is for the ongoing replacement of the Department's ocean patrol vessels.

- \$250,000 to increase the State's deer management program and a \$200,000 increase to the State's duck management program. These augmentations will assist the Department's efforts to increase and ensure both current and future supplies of game species.

- \$185,000 to increase the State's efforts to save and restore striped bass populations and an additional \$200,000 for enhancement of declining ocean fisheries, which have both commercial and sport significance.

**Table 8-1**  
**Natural Resources**  
**Proposed 1987-88 Expenditures**  
**(In Thousands)**  
**All Funds**

	<i>Total State Operations and Local Assistance</i>	<i>General Fund</i>
Agency Secretary.....	\$1,357	\$1,242
Boating and Waterways.....	31,466	255
California Tahoe Conservancy.....	3,203	750
Coastal Commission.....	9,281	6,272
Coastal Conservancy.....	3,410	0
Colorado River Board.....	764	244
Conservation.....	113,911	8,818
Conservation Corps.....	48,904	36,882
Energy Commission.....	146,652	0
Fish and Game.....	106,504	10,155
Forestry and Fire Protection.....	284,327	198,879
Parks and Recreation.....	142,303	77,565
Santa Monica Mountains Conservancy.....	593	244
SAFE-BIDCO.....	174	0
S. F. Bay Conservation and Development Commission.....	1,585	1,385
Special Resources.....	1,728	1,222
State Lands.....	14,783	13,698
Water Resources.....	286,987	30,727
Wildlife Conservation Board.....	664	0
<b>Total.....</b>	<b>\$1,198,596</b>	<b>\$388,338</b>

- \$315,000 for the License and Revenue Branch to increase efficiencies in the distribution of licenses for improved public service.
- \$408,000 and 2.8 personnel years to increase the Department's hatchery program to ensure sufficient levels of fish stock for commercial and sport fishing.
- \$394,000 to restore funding for operations of ecological reserves for nongame species to \$1.3 million. Funding for this program will provide for the maintenance, operation and improvement of lands acquired by the Department for the preservation, restoration and enhancement of habitat for nongame species.

## Forestry and Fire Protection

The Department of Forestry and Fire Protection is responsible for the protection and enhancement of California's forest, watershed and rangelands. The Department maintains a highly professional and integrated rural and urban fire fighting organization that is designed to meet the high levels of fire hazard that exist within the State. The Department is also responsible for forest resource management and regulation of timber harvest practices to maximize the social and economic benefits derived from the State's forest resources for present and future generations.

During 1987, the Department will complete the first 10-year forest and rangeland assessment mandated under the Forest and Rangeland Assessment Act of 1977. This will be the first comprehensive assessment of California's 85 million acres of wildland. The assessment includes an inventory of forests, range, wildlife, soil, water resources and the effect of human activity on these resources.

The Governor's Budget proposes \$284 million and 4,128.1 personnel years in State operations funding for essential fire protection and forest resource management activities. Areas receiving significant funding increases include:

- \$1.5 million increase in federal funds to augment the Department's Emergency Fund for emergency fire suppression costs related to federal fires. This allows the Department to spend federal fire cost recoveries as soon as they are received.
- \$982,000 and the continuation of 15 personnel years for the administration of the Forest Practice Act, pursuant to the provisions of Chapter 413, Statutes of 1986.
- \$532,000 and 6.9 personnel years to provide for the ongoing operation of a helicopter base in southern Monterey County. This change will complete the last phase of the Department's goal of providing a 30-minute maximum emergency fire suppression response capability in all areas of California.
- \$450,000 to provide a second year of funding for research efforts in the State's integrated hardwood rangeland program. In 1986-87, first-year funding was provided upon the recommendation of the State Board of Forestry for a hardwood research program to address the need to improve the management of the State's hardwood tree resources.
- \$446,000 to provide program support for various forest resource enhancement and urban forestry projects, as well as salmon and steelhead habitat improvement on forested lands.

nates information related to natural hazards such as seismic and volcanic activity and geologic slides. The Department's services and information are used in making land use decisions, as well as decisions regarding facility sitings, the regulation of energy resources and the protection of the State's agricultural lands and open space resources.

The Governor's Budget for 1987-88 proposes a funding level of \$113.9 million and 431.4 personnel years.

In 1986-87 the Department will be establishing the new Division of Recycling which was authorized by the California Beverage Container Recycling and Litter Reduction Act (Chapter 1290, Statutes of 1986). The Act authorizes the Division, which is a self-supporting program, to secure a \$5 million loan immediately to provide for start-up costs. The Act's goal is to achieve an 80 percent recycling rate for beverage containers sold in California. During its first year of operation, the Division expects to repay its loan, develop regulations, and create the statewide network necessary to implement the Act.

This new program will be supported by a one cent per container fee which the Act requires be paid by distributors for each beverage container sold in California beginning on September 1, 1987. Revenues of \$100 million annually are anticipated from the container fee. These revenues will allow the Department to pay a processor of recycled beverage

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*“. . . the Department will be establishing the new Division of Recycling . . . (and its) goal is to achieve an 80 percent recycling rate for beverage containers sold in California.”*

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## Conservation

The Department of Conservation encourages the proper management of the State's land, energy and mineral resources. Additionally, the Department investigates and disseminates

information related to natural hazards such as seismic and volcanic activity and geologic slides. The Department's services and information are used in making land use decisions, as well as decisions regarding facility sitings, the regulation of energy resources and the protection of the State's agricultural lands and open space resources.



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*“The CCC assists federal, State and local agencies in conserving and improving California’s natural resources while providing employment and educational opportunities to 18- to 23-year-old residents. . . .”*

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litter reduction and public education.

Proposed expenditures for the Division will include the following:

- \$5 million to repay the General Fund loan.
- \$75 million and 125.1 personnel years to provide for initial start-up costs, including equipment, accounting systems, and contracts.
- \$20 million to provide for recycling payments to processors.

## **California Conservation Corps**

The California Conservation Corps (CCC) assists federal, State and local agencies in conserving and improving California’s natural resources while providing employment and educational opportunities to 18- to 23-year-old residents of the State. In addition, the CCC provides an immediately available workforce to respond to any emergency, including fires, floods, earthquakes and other natural disasters.

The Governor’s Budget proposes \$48.9 million and 409.4 personnel years for support of the corps.

In 1986–87 the CCC will relocate its training academy from Fricot City to Camp San Luis Obispo as a result of a lease termination. The Budget Act of 1986 requires that if the CCC did not renegotiate and sign a lease at the Fricot City location by September 1, 1986, the Corps was to relocate the training academy. A lease was not obtained and a site selection process resulted in the selection of Camp San Luis Obispo as the best location for the new training facilities. However, major improvements to the new location are necessary in order to provide

for the Corps’ training needs. The Department of Finance has notified the Legislature that an augmentation, comprised of both support and capital outlay funds, will be required in the 1986–87 fiscal year for this purpose. Corps member training will be conducted in temporary facilities on the grounds of Camp San Luis Obispo from January 16, 1987 until April 1988, when the permanent facilities are expected to be ready to occupy.

The Governor’s Budget proposes

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*“Although the current principal focus of the Conservancy is the acquisition of environmentally sensitive lands, soil erosion control has also been identified as a major environmental concern in the Tahoe Basin.”*

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\$1.1 million and 5.7 personnel years to provide for continued modifications to the new training facilities at Camp San Luis Obispo.

## **State Lands Commission**

The State Lands Commission is responsible for the management and supervision of all statutory lands which the State has received from the Federal Government. Rents and royalties collected from surface uses, extraction of oil, gas, minerals and geothermal steam, and timber harvests represent the single largest source of the State’s nontax revenues. In the 1987–88 fiscal year, these revenues are estimated to total \$159.4 million.

The Governor’s Budget for 1987–88 provides an expenditure level of \$14.8 million and 241.3 personnel years for the Commission.

## **California Tahoe Conservancy**

The California Tahoe Conservancy is responsible for the acquisition, preservation and management of lands in the Lake Tahoe region for purposes of protection of the natural environment, provision of public access and recreational facilities and preservation of wildlife habitat areas. In addition to the \$3.2 million budget reflected in Table 8-1, there is \$11.46 million proposed for land acquisition in the Tahoe Basin. This amount includes \$10 million from the Conservancy’s bond funds for continued small parcel purchases and \$1.46 million from federal offshore oil settlement funds for purchases of development parcels and the installation of site improvements.

Although the current principal focus of the Conservancy is the acquisition of environmentally sensitive

lands, soil erosion control has also been identified as a major environmental concern in the Tahoe Basin. Soil erosion control is required to mitigate the effects of past development activities by reducing the discharge of sediment into the waters of Lake Tahoe and surrounding areas.

The Conservancy budget for 1987–88 includes \$2 million in local assistance funds for erosion control grants in the Lake Tahoe region. This amount will be awarded to various public agencies for restoration projects.

## **Energy Resources Conservation and Development Commission**

The Energy Commission was organized for the purpose of promoting the efficient use of energy and as-

suring the availability of a reliable supply of energy at a level consistent with California's needs. The Commission's programs are aimed at processing applications for siting new power facilities, encouraging measures to reduce wasteful and inefficient use of energy, and monitoring alternative ways to conserve, generate and supply energy.

The Governor's Budget proposes a funding level of \$146.7 million and 392.1 personnel years in 1987-88. Included in this level is \$110.5 million in Petroleum Violation Escrow Account (PVEA) funds for several energy-related projects. Of this amount, \$100 million is proposed for a school bus replacement project to demonstrate energy-efficiency in school buses which meet the 1977 federal safety standards. This project will be coordinated with the Department of Education pursuant to criteria developed by the California Highway Patrol. In addition, \$6 million is proposed to be available for energy efficiency measures in higher education facilities and \$4.5 million for matching grants related to technical assistance studies and the installation of energy efficiency measures in non-profit schools and hospitals. (A summary of the PVEA expenditure plan for 1987-88 is included in the Section entitled "Building California—A Partnership for Progress: Year IV".)

## Special Environmental Programs

**Environmental Protection Program.** The Environmental Protection Program provides the State with additional funding to preserve and protect the many natural resources which contribute to California's environment. The program, funded from revenue from personalized license plate sales, supports projects and programs concerned with the control of air pollution, the acquisition and preservation of natural or ecological areas, environmental education, protection of nongame and endangered species, protection and enhancement of fish and wildlife habitat, and the purchase of sensi-

tive natural areas by local, regional, and State park agencies.

The Governor's Budget proposes \$23.1 million for the Environmental Protection Program. Proposed expenditures for 1987-88 include the following:

- \$1.5 million for the Soil Erosion Control Voluntary Grant Program administered by the California Tahoe Conservancy, which provides grants to local agencies for soil erosion control projects in the Lake Tahoe Basin.
- \$1 million to the Wildlife Conservation Board for Ecological Reserve Acquisition. This program provides for the acquisition and preservation of valuable wildlife habitat areas in California.
- \$3.5 million for the Environmental Review and Evaluation Program in the Department of Fish and Game, which provides support for fish and wildlife enhancement and water quality protection. The program reviews local, State, and federal projects which are designed to maintain and restore terrestrial and aquatic fish and wildlife habitat and prevent environmental degradation.
- \$1.2 million for the Acid Rain Research and Monitoring Program administered by the Air Resources Board.

**Renewable Resources Investment Program.** The Renewable Resources Investment Program supports programs and projects which improve or enhance California's wildlife and coastal environment. The program, which receives its revenues from federal geothermal leases, provides funding for salmon and steelhead restoration, watershed mapping, soil erosion control studies, and urban and agricultural water conservation programs.

The Governor's Budget proposes \$2.7 million for the Renewable Resources Investment Program in 1987-88.





# Agriculture

California agriculture is unique and is the most diversified in the world with over 250 commercial crops. For 38 years California has been the leading agricultural state in the United States, ranking number one in the production of 53 different commodities. California's 34 million acres of farmland account for only 3 percent of the country's farmland, but produces 50 percent of the nation's fruits and nuts and 49 percent of its vegetables. California agriculture is widely known for its variety and abundance but, perhaps most important of all, it is also known for its high quality. A California product meets the highest standards—it looks good, tastes good and is good!

California can be justifiably proud of its agriculture's variety, abundance and quality, and of the people who contribute to making agriculture play such a vital role in the economy of our state.

*"A California product meets the highest standards—it looks good, tastes good and is good!"*

## Budget Highlights

The 1987-88 Budget proposes a total expenditure of \$161 million and 2,045.8 personnel years for the California Department of Food and Agriculture (CDFA).

The primary functions of the Department of Food and Agriculture are to:

- Serve the citizens of California and protect the consumer by

maintaining a viable food system which assures delivery of an abundant supply of wholesome food.

- Provide leadership in the development of policy on issues important to California food and agriculture.
- Develop policy and provide assistance in areas such as marketing and exporting.
- Protect public and worker health and safety related to pesticide use by registering and regulating chemicals.
- Prevent or eradicate intrusions of harmful plant and animal pests and diseases.
- Develop and enforce weights and measures standards for all levels of commerce.
- Provide support to district, county and citrus fairs in areas of planning, budgets, exhibits, vocational education, events, construction and maintenance.

The budget includes proposals to continue to promote the sale of California agricultural commodities in foreign markets; to increase existing programs to protect the public from unsafe pesticides; and to transfer the Veterinary Laboratory Services to the University of California, Davis under the terms of Chapter 1536, Statutes of 1982. Highlights of the 1987-88 Budget include the following:

- Funding of \$5 million to continue the agricultural export development activities that were authorized by Chapter 1189, Statutes of 1985. This funding is to be matched by private industry for the promotion of California's farm products in foreign markets. This represents a long-range effort to improve the State's agricultural

economy by expanding the market for its agricultural commodities.

- On July 1, 1987, the School of Veterinary Medicine, UC Davis, will assume full operation of the entire Veterinary Diagnostic Laboratory System under a contract with CDFA, requiring the transfer of 67.7 personnel years to UC Davis. A budget augmentation in the amount of \$3.9 million will fund the following: (1) initiation of technical upgrading, modernization and restructuring of the system, with initial emphasis on the staffing, and operation of the new central reference laboratory at Davis; and, (2) one-time expenses, including employee transfer and relocation costs, repair costs at branch laboratories, start-up funds for the John E. Thurman, Jr. Central Reference Laboratory, and completion of the

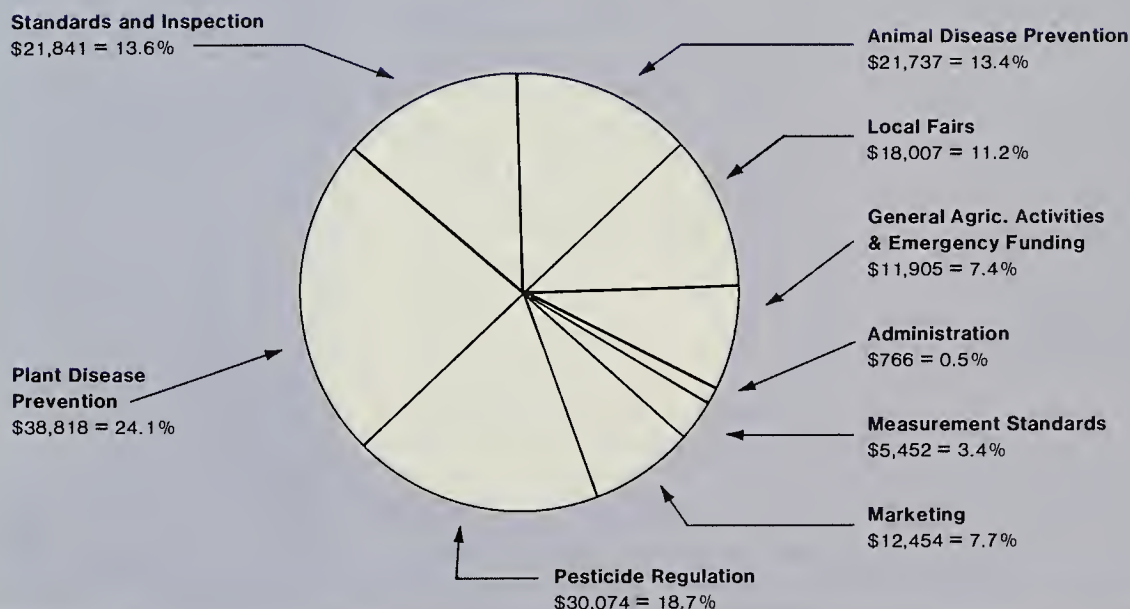
Management Information System project.

- The Environmental Hazards Assessment Program is proposing second-year funding for implementation of the Pesticide Contamination Prevention Act (Chapter 1298, Statutes of 1985) in the amount of \$958,000 and 7.1 personnel years. The second year schedule of activities includes an annual report on pesticide data gaps and pesticides which exceed specific numerical values for potential groundwater contamination, the establishment of the Ground Water Protection List (GWPL) by regulation and monitoring requirements for specified GWPL pesticides.
- An increase to the existing Pesticide Registration program which protects the public while making available safe and effective pesticide products. Additional fund-

ing of \$247,000 and 7.1 personnel years will provide sufficient resources to review and register, in a timely manner, pesticide products being proposed for use in California. This augmentation will ensure the availability of safe and effective products for use by the public and the agricultural industry.

- A reduction of \$2.5 million and 57.2 personnel years from the Agricultural Plant Pest and Disease Prevention Program. This reduction results from the discontinuation of the Apple Maggot Fruit Fly project because the program cannot be implemented in 1987-88 unless an exemption from California Environmental Quality Act requirements is obtained.
- The transfer of \$5 million from the Satellite Wagering Account, Fair and Exposition Fund, to the Gen-

**Figure 9-1**  
**Food and Agriculture**  
**Proposed 1987-88 Expenditures**  
**Amounts in Thousands (All Funds)**





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eral Fund. As a result of this transfer, the Administration proposes to cancel any outstanding principal and interest that is due to the General Fund which resulted from loans to local fairs, between 1975 to 1981.

- It is expected that future allocations from the Satellite Wagering Account to the local fairs will take the cancelation into account and the Department will provide equitable consideration to all other local fairs.



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# General Government

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The departments included within this General Government section provide diverse services and programs to the residents of California, businesses, industries, local governments and other State departments.

Programs and services to the public include: maintaining various military veterans programs to assist with home purchases, veteran's benefits and care of aged veterans; maintaining the personal income tax programs; monitoring the State vehicle smog inspection program; maintaining the 9-1-1 Emergency Telephone Number System; administering retirement systems for public employees and educators; and developing and maintaining high standards of practice in professions licensed by the State.

Programs and services which impact business and industry include: promoting small and minority business programs; administering the bank and corporation income tax and the sales tax programs, and providing a medium to promote California's aerospace, energy and agriculture industries.

Services provided to local government and other State agencies include: assistance with the purchase of materials, manufactured products and services; reviewing telecommunication needs; providing centralized support services; reviewing hospital and school construction plans for conformance with structural safety standards; and managing the collective bargaining aspect of the State's personnel system.

Highlights of the Governor's 1987-88 Budget for the departments providing these and other services are discussed below.

## State and Consumer Services

The State and Consumer Services Agency oversees the operations of the California Museum of Science and Industry, the Department of Consumer Affairs, the Department of Fair Employment and Housing, the Fair Employment and Housing Commission, the Office of the State Fire Marshal, the Franchise Tax Board, the Department of General Services, the State Personnel Board, the Public Employees' Retirement System, the State Teachers' Retirement System and the Department of Veterans' Affairs.

The Governor's Budget proposes a combined expenditure of \$835.3 million for support and local assistance for all organizations within the Agency. Additionally, \$1.1 billion is proposed for home loans to military veterans from the sale of bonds, as well as principal and interest payments to the bondholders. Figure 10-1 presents the proposed expenditure totals for many of these departments.

## Consumer Affairs

The Department of Consumer Affairs regulates over 1 million practitioners in over 50 professions through the licensing, certification and registration programs administered by 44 boards, bureaus, committees and commissions under the Department's overall administrative organization. The purpose of these programs is to assure the consuming public that practitioners possess the



qualifications necessary for the protection of the public health and safety.

In addition to licensing professionals and related business entities, the Bureau of Automotive Repair within the Department of Consumer Affairs, administers the biennial vehicle inspection program in the State's urban population centers, overseeing the inspection of approximately 6 million vehicles annually. This is the primary program in the State's effort to reduce pollution from mobile sources which is required to meet federal air quality standards.

The Governor's Budget proposes \$123.5 million and 1,676.9 personnel years for the Department.

Significant program adjustments in 1987-88 include:

- **Board of Fabric Care**—The Governor's Budget implements Chapter 478, Statutes of 1986,

which abolishes the Board of Fabric Care and related regulations. The Statute also transfers the registration of dry cleaning plants to the Bureau of Home Furnishings.

- **Contractors State License Board Amnesty**—Chapter 995, Statutes of 1986, specifies that all illegally gained work experience currently used to meet licensing requirements will no longer be accepted. \$1.6 million and 36.6 personnel years are proposed to meet this workload increase.

### Department of General Services

The Department of General Services provides centralized services for other State departments. One of the major objectives of the Department is to assist the State and other public entities to obtain services and materials at a lower cost than they could obtain individually. The services in-

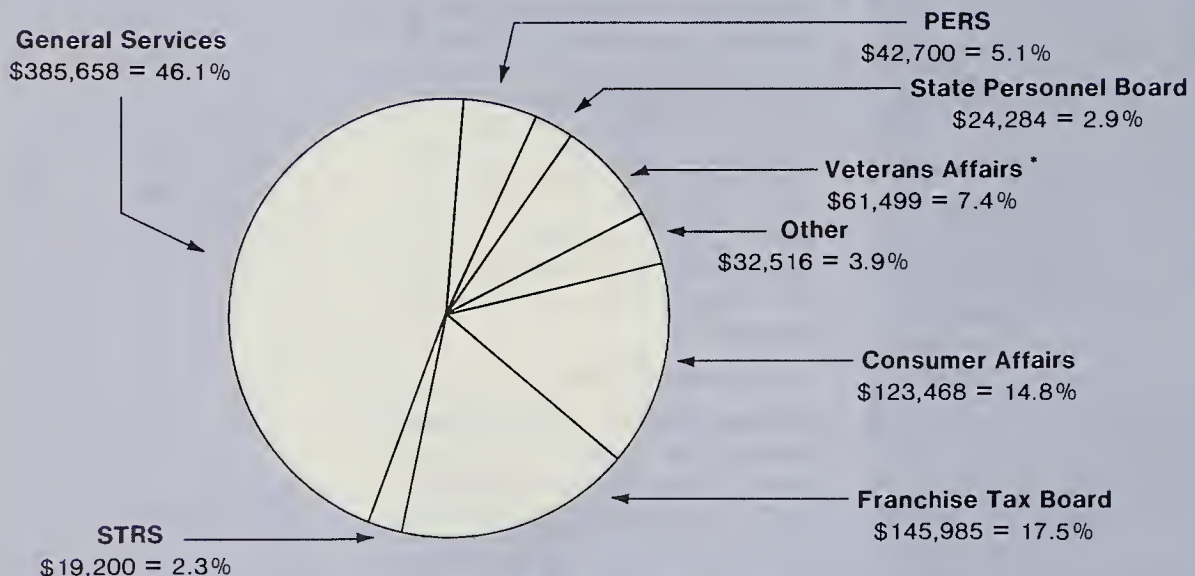
clude facility acquisition and maintenance; a broad range of services designed to improve efficiency and reduce costs; and specialized services, such as conducting administrative hearings, assistance in the provision of telecommunication services and the procurement of equipment. In addition to these types of services and programs, the Department, through the Office of Local Assistance, develops recommendations for the allocation of State funds to public school districts for the construction or renovation of school facilities.

The Governor's Budget proposes \$329.7 million for support of General Services programs. In addition, \$56 million in local assistance is proposed to operate the 9-1-1 Emergency Telephone Number System.

Program highlights in the 1987-88 Budget include the following:

- **The Office of the State Architect** has been augmented by \$1.5 mil-

**Figure 10-1**  
**State and Consumer Services**  
**Proposed 1987-88 Expenditures**  
**Amounts in Thousands (All Funds)**



\* Includes State Support and Local Assistance Expenditures only and Excludes Cal-Vet Loans and Student Financial Assistance

lion and 24.8 personnel years in support of the State prison expansion program to complete construction inspection services for projects which are currently scheduled for completion in 1987-88. Additionally, \$1.4 million and 22.8 personnel years are proposed in the Structural Safety Section to perform plan checks and inspections of proposed school and hospital construction projects to ensure compliance with structural safety standards.

- To assist with the implementation

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***“One of the major objectives of the Department is to assist the State and other public entities to obtain services and materials at a lower cost than they could obtain individually.”***

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of the Administration supported \$4 billion school construction program which will extend over the next 5 years, the Office of Local Assistance proposes an augmentation of \$5 million and 113 personnel years. (Additional information on the school construction program is contained in the section entitled “Education.”). In addition to increases in the school construction program, the Governor’s Budget includes the implementation of Chapter 1026, Statutes of 1985, which establishes a program to lease relocatable facilities for latchkey children and the implementation of the child-care provisions of Chapter 1440, Statutes of 1985.

- An augmentation of \$3.8 million is proposed to continue the installation of a fiber optic communication system. The State will realize significant savings in telecommunication costs as a result of implementing this system.
- In 1986-87, the Office of Telecommunications was appropriated \$4.7 million for the purchase of telephone equipment that had previously been leased from the Pacific Bell Telephone Company.

The purchase of this equipment is estimated to result in a savings to the State of approximately \$7 million in 1987-88.

- An augmentation of \$6 million is proposed for the Office of Telecommunications to continue the upgrade of the 9-1-1 Emergency Telephone Number System and for increased operating costs of the existing system. The basic 9-1-1 Emergency Telephone Number System is now operating in all 58 counties. The State has

implemented an enhanced 9-1-1 System in 20 counties, which provides additional features for identifying the exact location of emergency calls. In 1987-88, the enhanced system will be imple-

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***“The State has implemented an enhanced 9-1-1 System in 20 counties, which provides additional features for identifying the exact location of emergency calls.”***

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mented in 8 additional counties, with the remaining counties to be converted over a 6-year period.

- An augmentation of \$475,000 for the Motor Vehicle Parking Program to develop additional employee parking facilities and renovate existing facilities. The Program augmentation will result in a slight increase in State parking fees.

### **State Personnel Board**

The Governor’s Budget proposes expenditures of \$24.3 million for the State Personnel Board (SPB) in 1987-88. The SPB is responsible for serving the personnel needs of State

agencies and for the improvement of personnel practices and procedures. The SPB oversees all aspects of the merit employment system, conducts recruitment efforts, and provides leadership in personnel management, practices and procedures. The SPB also has the responsibility for coordination and evaluation of Affirmative Action/Equal Employment Opportunity efforts within all State departments. Additionally, the SPB is responsible for the Career Opportunities Development Program, including the development, implementation and operation of the Jobs Program for welfare recipients.

### **Veterans Affairs**

The Department of Veterans Affairs exists to serve the needs of California’s veterans and their dependents. The primary programs administered by the Department to meet those needs include:

- The Cal-Vet and Cal-Guard loan programs which provide long-term home loans at lower-than-market interest rates. Interest rates on Cal-Vet loans will be

reduced from 8 percent to 7 percent in 1986-87 to reflect more favorable rates on recent bond sales.

- The Veterans Home of California in Yountville which provides complete residential and medical facilities for approximately 1,400 veterans.
- Services which secure veterans benefits and entitlements at the State and federal levels, including a stipend program for high school and college students who are dependents of qualifying veterans.



The Governor's Budget proposes an expenditure of \$61.5 million for support and local assistance in the Department of Veterans Affairs and an expenditure of \$1.1 billion for loans and payments to bondholders. In addition, the Vietnam Veterans Memorial Commission received a \$100,000 loan from the General Fund to assist the Commission in completing a memorial on the grounds of the State Capitol Park. Funding for this project is provided entirely from private donations.

Significant program expenditures in 1987-88 include:

- The provision of an additional 6,600 farm and home loans to veterans in the amount of \$482 million.
- \$9.4 million for the capital outlay program at the Veterans Home, which will result in safer and more comfortable accommodations for residents.
- \$211,000 to continue the outreach program established pursuant to Chapter 1267, Statutes of 1986, which is intended to inform veterans suffering from post traumatic stress disorders, alcoholism and drug abuse of available counseling and treatment programs in Los Angeles, San Diego and San Francisco counties.
- \$1.2 million for new equipment for the Acute Care hospital addition and newly renovated residence halls.
- An augmentation of \$48,000 and 1.9 personnel years to maximize Medi-Cal reimbursements. The Veterans Home estimates receipt of \$573,000 in 1986-87 and \$1.2 million in 1987-88 in Medi-Cal reimbursements. These funds will offset a decline in Medicare funding and eliminate the need for additional General Fund support for the Home.

### **Office of the State Fire Marshal**

The Office of the State Fire Marshal is responsible for protecting life and property against fire. This task is met through the development and en-

forcement of fire safety standards for educational, institutional, public assembly and hazardous pipelines.

The Governor's Budget proposes expenditures of \$10.2 million and 155.4 personnel years for the State Fire Marshal.

The Office of the State Fire Marshal will introduce legislation in 1987-88 to establish a fee-setting process for public building inspections. This will provide an equitable process of assessing all building owners, regardless of whether the inspection is done by local fire jurisdictions or the State Fire Marshal, for the inspection service provided.

Significant program enhancements in 1987-88 include:

- A total of 2.7 personnel years and \$175,000 in special funds and reimbursements is proposed to augment fire service training programs in rural areas. Proposed funding will also provide construction plan checking and on-

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***"The combined effect of these proposed augmentations in both Boards is expected to generate General Fund revenues in 1987-88 of \$48 million."***

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site inspection of school and hospital construction projects.

- 2.8 personnel years and \$344,000 are proposed to implement Chapter 863, Statutes of 1986, which expands the Hazardous Liquid Pipeline program to include interstate pipelines. This expansion is necessary to ensure an adequate level of public safety in geographic areas containing interstate hazardous liquid pipelines.

### **Franchise Tax Board**

The State's General Fund receives revenue from 2 primary sources—the sales tax and the income tax. The Franchise Tax Board administers the income tax program which contributes over 50 percent of total General Fund revenue. This revenue is

collected from 2 sources—the personal income tax and the bank and corporation tax. These revenue sources contribute approximately 37 percent and 13 percent, respectively, of the total. (General Fund revenues are discussed more fully in the section entitled "Revenue Estimates.")

The Governor's Budget proposes expenditures of \$146 million and 3,253.7 personnel years for the Board.

An additional 73.1 personnel years and \$2.2 million are proposed to maintain the revenue enhancement programs initiated in 1986-87. Additionally, 57.2 personnel years and \$2.7 million are proposed in the Board of Equalization to maintain their current revenue production.

In addition to maintaining base revenues, 68.9 personnel years and over \$2 million are proposed in the Franchise Tax Board, and 35 personnel years and \$1.2 million are proposed in the Board of Equaliza-

tion to augment the revenue enhancement program initiated by the Governor in 1986-87. In the Franchise Tax Board, this augmentation will focus resources in the area of accounts receivable collections. The combined effect of these proposed augmentations in both Boards is expected to generate General Fund revenues in 1987-88 of \$48 million.

Other significant program highlights in 1987-88 include:

- A reduction of \$275,000 and 32.7 personnel years due to increased efficiencies resulting from automated data processing equipment.
- An increase of \$1.4 million and 18.3 personnel years resulting

from workload increases in the telephone information center, filing enforcement and collection activities.

- Over \$2 million and 68.9 personnel years is proposed to increase resources in the revenue collections activity.

## **Public Employees' Retirement System**

The Public Employees' Retirement System (PERS) administers retirement benefits, health benefits and Social Security coverage for State employees and employees of contracting local government entities. Under the provisions of the Federal Budget Reconciliation Act, the Social Security Administration function will revert to individual employing entities in 1987.

The 1987-88 Budget proposes expenditures of \$42.7 million for PERS' administrative functions. This funding level represents a 4.9 percent year-to-year expenditure decrease primarily due to completion of the System's move to its new headquarters facility. Savings from the present Teale Data Center contract are proposed to be redirected in 1987-88 as PERS concludes the establishment of its own computer facility, which will provide computer resources at a lower cost in comparison to alternative computer services.

## **State Teachers' Retirement System**

The State Teachers' Retirement System (STRS) was established in 1913 as a statewide system for the payment of retirement benefits to public school teachers. The Teachers' Retirement Board was formed in 1963 primarily to administer the Teachers' Retirement Fund. STRS serves approximately 307,000 members and 107,000 persons receiving benefits, and is the largest retirement system in the United States. The Board is composed of 4 ex-officio members (the Superintendent of Public Instruction, State Treasurer, State Controller and the Director of Finance), 4 Governor-appointed

members, 3 public citizens and 1 retirant of the system.

The Governor's Budget proposes expenditures of \$19.2 million and 306.3 personnel years for this program. Proposed expenditures will provide for the continued development of the "on-line" computerized information system, as well as continued enhancement of services to members and employers. (Additional discussion of STRS is provided in the Education Section.)

## **Board of Control**

The Board of Control is responsible for reviewing and acting upon all claims for money or damages that are made against the State, including the compensation of innocent victims of violent crimes. For 1987-88, the budget proposes expenditures of \$52 million and 132.8 personnel years. The budget includes the following highlights.

- On February 20, 1986, the south levee of the Yuba River broke and approximately 13,000 acres of land were flooded, including orchards, commercial and industrial sites and the communities of Linda and Olivehurst. To date, approximately 1,800 claims for damages have been presented to the Board. The 1987-88 Budget proposes \$300,000 General Funds for contracts in order that property damage claims can be reviewed by claim adjusters for evaluation of actual losses. Any settlements for property damage will be handled through the normal administrative and legislative process.

In addition, the budget proposes the following changes:

- \$349,000 and 1.9 personnel years to expand and improve the Victim/Witness Program ("Citizen's Indemnification") computer system.
- \$254,000 and 10 personnel years will be phased in to process a growing Victim/Witness claims workload.
- An augmentation of 2 personnel years and \$1.1 million is pro-

posed for the Victim/Witness Program to contract with an additional 8 local Victim/Witness Centers to provide local processing of claims. This augmentation will bring the total number of local centers that process victim/witness claims, under contract to the State, to 23.

## **Industrial Relations**

The Department of Industrial Relations' primary function is to foster, promote and develop the welfare of California wage earners, to improve their working conditions and to advance opportunities for employment. These goals are pursued by promoting health and welfare, economic development and job creation; encouraging the full utilization of California's human resources; and by enforcing the labor code, the orders of the Industrial Welfare Commission, and regulations and statutes designed to protect worker safety and health.

The Governor's Budget provides an expenditure level of \$105.7 million and 1,853.5 personnel years. Highlights of the 1987-88 Budget include:

- \$678,000 to augment the base budget level for payment of claims against the Uninsured Employers' Fund. This is the fund from which benefits are paid to employees of illegally uninsured employers in California.
- A reduction of \$233,000 and 5 positions designated for preventing, settling and adjudicating disputes under Workers' Compensation Laws as a result of the computerized transcriptors.
- A reduction of \$214,000 and 5 positions from the Occupational Safety and Health Standards Board as a result of completion of the review mandated in Chapter 567, Statutes of 1979 (AB 1111).
- A reduction of \$547,000 and 8 personnel years from the Division of Occupational Safety and Health in the Mine Safety Element. This reduction reflects the elimination of the State's dual



jurisdiction with the Federal Government for mine safety inspections.

- An augmentation of 2.8 personnel years to expand the public auditing entity of the Regulation of Workers' Compensation Self-Insurance Plans.
- A reduction of a total of \$22.2 million (\$8 million General Fund and \$14.2 federal funds) and 366.4 personnel years from Cal/OSHA enforcement, regulatory activity, and appeals adjudication as a result of a decision to return the program to federal jurisdiction. California would propose to maintain only public sector responsibilities and consultation services for employers in both the private and public sector.

Traditionally, the level of participation by the Federal Government has been 50 percent of the total cost of California's State plan. Due to federal budget reductions in recent years, the level of fiscal support required by California to continue the same level of service would be nearly 60 percent of the total program cost. This growing imbalance is not expected to be reversed, and it could increase even further. This reduction results in a first-year savings of \$8 million to the General Fund and 366.4 personnel years. Additionally, OSHA enforcement would be continued at the federal level.

The budget proposes to continue to increase the efficiency and productivity of the Department by employing personnel more effectively. This will be accomplished through progressive implementation of the Department-wide automation plan, redirection or elimination of positions which no longer impact productivity and service and the addition of positions which are essential to carrying out the Departments' goals and objectives.

## Public Utilities Commission

The Public Utilities Commission is responsible for ensuring that regulated passenger carriers comply with licensing and insurance requirements intended to promote public safety.

The Governor's Budget proposes \$66 million and 989.9 personnel years for the Commission. This funding level includes an increase of \$246,000 and 6.8 personnel years to review the financial fitness, safety and insurance coverage of passenger carriers. These positions will also be used to ensure that tour bus operators comply with California Highway Patrol inspection requirements.

Further, 17 personnel years are proposed to be added due to the recent enactment of legislation which expands the Commission's regulatory and public assistance responsibilities.

In addition, the Commission is required to develop and implement safety planning criteria, standards and procedures to be met by rapid transit operators in the design, construction and operation of rail rapid transit systems. In order to implement these new safety rules, \$118,000 and 1.9 personnel years are proposed for continuation in 1987-88.

The budget also proposes an additional \$103,000 and 1.9 personnel years for rail-highway crossing safety pursuant to the planned construction of a number of light rail and highway projects in Southern California.

# Building California— A Partnership for Progress: Year IV



Strengthening the partnership between State and local governments has been a priority of this Administration. The New Partnership program initiated in 1984–85 provided local government with a revenue source more dependable than had been available to them since the passage of Proposition 13. This program included the following changes:

- Repeal of previous law, enacted in 1979, which provided an automatic reduction in local government subventions if State General Fund revenues did not increase at a specified rate. The elimination of this provision removed a significant funding uncertainty for local jurisdictions.
- Guarantee of vehicle license fee revenues for local government—A constitutional amendment was proposed in 1984 and passed in 1986 which guaranteed that revenue from vehicle license fees would be a local revenue.
- Reestablish the authorization for local general obligation bonds—A constitutional amendment was proposed in 1984 and passed in June 1986 to reinstitute local government's ability to use the property tax to guarantee general obligation bonds with a two-thirds vote of the electorate.

Additionally, the Governor signed legislation creating the Commission on State Mandates to insure that programs mandated by the State would

include sufficient funds to carry out required activities. The Administration also sponsored legislation (AB 1791) (Chapter 1534, Statutes of 1985) which established a State mandates apportionment system to provide a quicker and simpler process for reimbursing State mandated local costs. This system will ultimately reduce the paperwork and time spent in this process at both the State and local level.

Chapter 1147, Statutes of 1986, created as, part of the Administration's Rural Renaissance Program, the Rural Economic Development Promotion Program and appropriated approximately \$8 million to provide grants to eligible rural counties for promotion of economic development. In 1987–88, \$30 million is proposed for the Rural Renaissance program. (For further

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*“The New Partnership program initiated in 1984–85 provided local government with a revenue source more dependable than had been available to them since the passage of Proposition 13.”*

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detail refer to the Business, Transportation and Housing section).

Local government continues to fulfill an essential role in the provision of services to the public. It is important that this ability to provide solutions to unique local problems be preserved despite increasingly stringent fiscal constraints. In



1987-88, the Administration will propose to address local fiscal problems by providing additional funding (as described below) and by allowing increased discretion in the way State funds, which are already provided, are expended.

## Stabilization of Match Requirements

Local officials have expressed concern that increases in the amount of money required to match State programs have significantly offset in-

creases in county discretionary revenues, the State will provide an amount offsetting the excess match requirement. This calculation would be made for each county. The initial 1987-88 program would assist counties which experienced these problems in the 1983-84 to 1985-86 fiscal years. The State matching programs specified would be the Aid to Families with Dependent Children (AFDC), In Home Supportive Services (IHSS) and Community Mental Health (CMH) programs. In subsequent years, annual payments would be made to counties based on the latest data which is

statutory requirements which restrict discretion as to how the funding made available to local government is expended. As a first step in this direction, the Administration will propose legislation to repeal existing provisions which create subvention programs funding overall county health services and various categorical programs. The proposed legislation would replace these subventions with an allocation of general purpose revenue in 1987-88. This allocation is shown in the Shared Revenue Budget in the amount of \$477 million.

The proposed legislation will also specify that beginning in 1988-89 local government will directly receive one-fourth of each cent of revenue from the State sales tax. This method of financing will provide local government with a stable and independent revenue source with which counties can meet the additional responsibilities placed upon them.

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*“One of the most direct ways to give local governments more flexibility is to reduce the level of State reporting requirements, regulations and statutory requirements which restrict discretion as to how the funding made available to local government is expended.”*

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creases in county discretionary revenues. Because the amount of the match requirement is outside their control, they see this as an unfair reduction in already limited general purpose revenues.

An analysis of the period 1983-84 through 1985-86 indicates that a number of county governments have been adversely affected because the amount of funding required to meet State matching requirements has increased more rapidly than their general purpose revenue. However, it should be noted that this problem seems to have impacted a different group of counties in each of the years considered. The available data suggest that the State has, at times, contributed to the fiscal constraints faced by county governments.

The Administration will propose legislation to address this problem. The legislation will require that when the percent increase in the matching requirement for specified State programs is in excess of the percent increase in general purpose reve-

available. As an example, 1988-89 funding would replenish county reserves based on events during 1986-87. The proposed program is estimated to cost \$7.6 million in 1987-88 and is included in the Local Government Financing Budget.

## Increased Discretion and Revenue

In addition to providing additional funding for local government, the State must find ways to provide the flexibility local officials need when dealing with the myriad of problems they face. It follows that local governments must assume responsibility for the policies they select. While the State has a role to play in determining broad policies, conditions in California vary a great deal, making it inefficient and ineffective in many cases for the State to administer programs and set priorities at the local level.

One of the most direct ways to give local governments more flexibility is to reduce the level of State reporting requirements, regulations and

## Trial Court Funding

During the 1985 Legislative Session, the Governor signed legislation (Chapter 1607, AB 19) which would, subject to funding being provided, change the mechanism used to fund trial courts. Under the new program, counties would have the option of continuing the current mechanism or participating in the new program. Counties opting into the new program would receive State funding for trial courts, but would also remit specified court revenues to the State. The State would pay salaries of said trial court judges on option counties on the same basis under which the State currently pays salaries of superior court judges.

In his signature message, the Governor expressed a desire to avoid excessive new General Fund costs and indicated that there is a need to implement significant reforms of the judicial process.

The Administration, in 1986, introduced legislation (SB 2087, Beverly) which provided for trial court funding combined with a series of common sense reform measures designed to improve court

efficiency, assure fairness and reduce unnecessary court delays. Although this legislation was not acted on by the Legislature, the following significant legislation was enacted implementing some of the reforms which were originally contained in SB 2087.

- Chapter 1335, Statutes of 1986 (AB 3300), requires the Judicial Council to develop Standards of Timely Disposition as guidelines for the Superior Courts and establishes pilot projects designed to achieve those standards.
- Chapter 1334, Statutes of 1986 (AB 169), and Chapter 1336, Statutes of 1986 (AB 1334), provide for significant reforms of the civil discovery process.
- Chapter 373, Statutes of 1986 (AB 825), authorizes a demonstration project to assess the costs, benefits and acceptability of utilizing audio and video recording in lieu of the record prepared by a court reporter in certain civil proceedings.
- Chapter 1337, Statutes of 1986 (SB 1561), reestablishes a pilot project authorizing the use of 8-person juries for civil cases in the Los Angeles Municipal Courts.

The Administration intends to sponsor legislation implementing trial court funding. This legislation will include additional reform measures to do the following:

- Declare the policy of the State to invest local trial courts with responsibility to efficiently manage their own case flow within the framework of Standards of Timely Disposition established by the Judicial Council.
- Offer financial rewards to courts that achieve standards and reduce existing court backlogs.
- Enact common sense reform measures that would:
  - establish judicial questioning of prospective jurors;
  - reduce the number of peremptory challenges;
  - raise the mandatory arbitration limit from \$25,000 to \$50,000 for

superior court civil cases in large urban counties;  
—encourage the use of teleconferencing.

- Encourage cooperation between municipal and superior courts to improve trial court efficiency.

The Trial Court funding program will be proposed to become operative in 1988–89. This will allow time for Legislative deliberations, for development of necessary administrative procedures after enactment of legislation, and for counties to review their option to participate in the program.

### **State-mandated Local Programs**

Chapter 1406, Statutes of 1972 (SB 90), first established the statutory requirement for the State to reimburse units of local government for costs of any State-mandated program. Such costs may result from either legislative acts or executive regulations which impose a new program or demand an increased level of service in an existing program. The statutory reimbursement requirement was elevated to a Con-

tion, then local entities are authorized to file claims with the Commission alleging entitlement for reimbursement.

Since the inception of this reimbursement program in 1973, the Legislature has enacted approximately 54 statutes in which a State-mandated local program was acknowledged and funded, and which will require funding in 1987–88. Eight executive regulations also require funding in 1987–88.

Prior to the enactment of Chapter 1534, Statutes of 1985, the system of reimbursing State mandates was on an actual cost basis, requiring local entities to file detailed claim forms and to undergo subsequent field audits by the State Controller's Office. Chapter 1534 established a system of "State Mandated Apportionments" (SMA's) to provide a "block grant" approach for funding those mandates which are long-standing and relatively stable. Under this system, the Controller determines the average amount of mandate reimbursements received by each local entity over the past three years, adjusts that amount by

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***"As a part of our continuing effort to minimize the State's involvement in local decision-making processes, legislation will be sponsored to significantly modify approximately 50 current state-mandated local programs."***

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stitutional requirement in Section 6 of Article XIII B of the California Constitution.

Legislation enacted in 1984 (Chapter 1459) created a five-member Commission on State Mandates to determine whether local entities are entitled to reimbursement by the State for costs which may have been incurred as a result of State-mandated local programs. The Commission replaces the Board of Control for the resolution of local mandate issues. If reimbursement is not initially provided in the mandating legislation or executive regula-

changes in the Implicit Price Deflator and subvenes amounts to the local entities without the submission of claims by those entities. The Commission determines which mandates will be included in the system. Currently, there are 11 mandates reimbursed through the SMA.

As a part of our continuing effort to minimize the State's involvement in local decision-making processes, legislation will be sponsored to significantly modify approximately 50 current state-mandated local programs. Specifically, we are proposing that 29 mandates which are no



**Table 11-1**  
**Summary of Payments to Local Government**  
**for State Mandates**  
**(In Thousands)**

<i>Fiscal Year</i>	<i>Mandate Legislation</i>	<i>Budget Acts</i>	<i>Claims Bills</i>	<i>Totals</i>
1973-74 .....	\$3,538	—	—	\$3,538
1974-75 .....	2,655	\$14,943	—	17,598
1975-76 .....	1,376	17,963	—	19,339
1976-77 .....	20,226	18,356	\$523	39,105
1977-78 .....	4,007	52,623	—	56,630
1978-79 .....	21,443	54,434	1,203	77,080
1979-80 .....	12,013	75,565	12,202	99,780
1980-81 .....	9,947	105,377	7,572	122,896
1981-82 .....	—	101,942	33,980	135,922
1982-83 .....	610	92,886	24,183	117,679
1983-84 .....	10,000	74,671	22,028	106,699
1984-85 .....	4,937	76,070	1,366	82,373
1985-86 .....	44,741	109,842	6,884	161,467
1986-87 .....	75	119,525	5,928	125,528
1987-88 .....	—	58,108*	35,322*	93,430
TOTALS .....	\$135,568	\$972,305	\$151,191	\$1,259,064

\* Estimated

longer necessary be repealed and that one mandate be made inapplicable to local government. In addition, we believe that another 15 mandates should either be made optional with local government and/or funded through fees-for-services and 5 other mandates are more appropriately funded from sources other than the General Fund. With these changes, we believe that not only will the principle of local control in these areas be enhanced, but also the efficient operation of government at both the State and local level will be improved.

Table 11-1 summarizes the payments made to local government for mandate reimbursement from appropriations in legislation imposing a mandate, from State Budget Acts and from Board of Control/Commission on State Mandates claims bills.

## Local Revenue

One measure used in assessing the fiscal condition of cities and counties is the change in general purpose

revenues. General purpose revenues include only those revenues which may be expended for any governmental purpose, much like the State's General Fund. In 1986-87, the growth in general purpose revenue on a statewide basis is estimated to be 6.5 percent for cities and 8.8 percent for counties. This level is higher than the average 4.5 percent growth realized by both cities and counties in 1985-86. The growth trend is expected to continue through 1987-88. The primary reason for the increased growth in general purpose revenues is growth in Motor Vehicle License Fees to both cities and counties. A factor working against this growth was the discontinuation of Federal Revenue Sharing. It should be noted that there is substantial variation among cities and counties in actual revenue growth.

Counties administer health and welfare programs for the State and, therefore, have no discretion over certain costs. In recognition of this, costs associated with these pro-

grams are offset against general purpose revenues.

## Local Assistance

State budgets have historically described expenditures as State operations, local assistance and capital outlay. Both State operations and capital outlay are clear indicators of how taxes are spent. The term "local assistance" covers a number of different kinds of expenditures. The last four budgets have attempted to categorize local assistance to provide a better description of where these expenditures occur.

State expenditures aimed at local assistance include three major categories:

- assistance to individuals
- payments to service providers
- payments to local government

Payments to local government are divided into restricted and general purpose categories.

**Assistance to Individuals.** This category includes grants to individ-

uals, e.g., SSI/SSP or AFDC payments. In addition, several tax relief programs which provide assistance directly to individuals, such as the renters credit program, are included, as well as indirect payments to individuals for tax relief programs such as the homeowners' exemption. Payments in this last program are made to local governments to reimburse them for the property tax loss incurred through the exemption.

#### **Payments to Service Providers.**

This category includes expenditures for services provided by agencies other than the State. These payments could be to counties or to private contractors. Restricted payments to local government include expenditures which are sent directly to counties for specific programs or as reimbursements for a legislative mandate. There may be only a fine distinction in some programs between payment to service providers and their payments to local government.

#### **Payments to Local Government.**

This category of general purpose payments to local government includes those payments which can be used for any general government purpose.

Table 11-3 shows General Fund expenditures for these three categories for past, current and budget years.

### **State and Local Facility**

*"Since entering office in 1983, the Governor has placed a high priority on developing and maintaining the local and State infrastructure."*

#### **Needs**

The strength of the State's economy is dependent on the condition of basic facilities, equipment and installations such as roads, water supply systems, waste treatment systems and institutional facilities. Since entering office in 1983, the Governor has placed a high priority on developing and maintaining the local and

State infrastructure. In April of 1983, the Governor convened a task force to examine the then current and future State and local structural needs and shortfalls. The budget proposals, as well as those of the past several years, focus on the needs identified by the Task Force report.

The sharp downturn in world oil prices which began just over a year ago has had a pronounced impact on one of the State's primary sources of capital outlay financing. In response to this decline in Tidelands Oil Revenues and to maintain progress on crucial building programs, the State has moved toward greater use of bond financing for its capital projects.

During the latter half of 1985-86 and the first half of 1986-87, however, the use of bonded debt to finance capital outlay projects has been restricted to a significant degree by uncertainty concerning both the scope and the implementation of the Federal Tax Reform Act of 1986. With considerable assistance from the State Treasurer, the State and local California agencies have been able to pursue limited bond issuance during this period of uncertainty, and many needed projects have been undertaken as a result. It is expected that necessary procedures will be in place soon to permit full resumption of planned bond financings in compliance with the new federal law and regulations.

On September 29, the Governor

under the provisions of the Federal Tax Reform Act of 1986, thereby providing for up to \$1.9 billion in State and local "private activity" financings. (Not all "private activity" bonds are used for capital projects.)

Other legislative actions include the signing of bills to allow for the formation of "integrated financing districts" to improve local project financings, to extend the authority to cities to form permanent road divisions to levy assessments and issue bonds to finance road projects, and to improve the functioning of Mello-Roos and Community Rehabilitation districts.

In addition to revenues normally appropriated for capital projects, the voters approved General Obligation bond measures totaling \$2.5 billion for State and local structural projects including parks, local and State correctional facilities, local schools and higher educational facilities, safe drinking water and water conservation and quality facilities. The current year budget also appropriates \$28 million from Federal Outer Continental Shelf Lands Act revenues, primarily for projects to enhance and protect the environment.

The voters also approved an amendment to the State Constitution which reinstated the capacity of local agencies to issue General Obligation Bonds with voter approval. It is expected that local governments will use this tool to finance capital projects.

#### **1987-88 Plans**

Efforts to meet the State's public facility needs will continue in 1987-88. Table 11-4 summarizes the total program, including projected expenditure levels for the next 5 years. Highlights of the program are as follows:

- The ongoing six-year State Facilities Program, totaling nearly \$35 billion, will continue to include expenditures for the traditional projects such as highways, the State Water Project and State institutions. Program funding will also include substantial expendi-

signed AB 939, (Chapter 1389, Statutes of 1986) which will assist local issuers of capital project debt by making available alternative arrangements and techniques for public debt financing. Also, the Governor issued a proclamation establishing the California Debt Limit Allocation Committee as the organization which allocates the State "private activity" bond ceiling



tures for local school construction, statewide underground storage tank remediation, asbestos abatement and PCB-related equipment replacement.

- The program to construct cogeneration equipment and other energy conservation measures at State facilities financed through the sale of revenue bonds also will be continued. The revenue source for the bonds' debt service is the energy cost savings expected to be generated over the term of the bonds. It is projected that these energy conservation projects will reduce State energy costs by about \$135 million over the next 20 years. This initial bond issue was the first step in an overall program that is expected to save the State up to \$2 billion by year 2000.
- The remodeling and construction of county jails and juvenile halls will be accelerated through the allocation of \$142 million from bond proceeds approved by the voters in 1986.
- State prison system expansion currently includes authorizations for additions and remodeling at existing institutions, expansion of the conservation camp program and construction of 14 new prison facilities, to provide a total system design bed capacity of nearly

\$7 million from Federal Outer Continental Shelf Lands Act Revenues is proposed to be directed toward a Rural Renaissance program for expenditures on capital projects which will promote the business environment of rural counties.

- The budget proposes High Technology Educational Facility bond financing of \$57 million for the University of California. In addition, the budget proposes \$83 million of Instructional Facilities for Higher Education bond financing for libraries and instruction facilities—\$32 million for the University of California, \$36 million for California State University, and \$15 million for the California Community Colleges.

### **Petroleum Violation Escrow Account Program**

The Petroleum Violation Escrow Account (PVEA) is derived from negotiated settlements and judgments against U.S. oil companies stemming from legal actions by the Federal Government to recover oil company overcharges during the period of price regulations, from August 1973 to January 1981. Monies collected and not yet disbursed are held in a Federal Department of Energy (DOE) escrow account. Disbursement of the funds to the States is generally determined by the

pected to be available for expenditure in the 1987–88 fiscal year. This amount includes interest and a potential supplemental allocation of \$9 million from the Stripper Well settlement agreement.

The Governor's Budget proposes 6 programs to be funded from PVEA fund for the current and budget years.

Table 11-5 identifies the designated PVEA program administrator, specific projects and funding levels proposed in 1987–88.

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***"Approximately \$127 million in PVEA funds is expected to be available for expenditure in the 1987–88 fiscal year."***

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51,000. At present, 2 additional facilities which would bring the system bed capacity to 55,000 are being considered. However, the need for additional facilities will continue to exceed those currently authorized. By mid-1991, the projected inmate population is expected to exceed approximately 94,000.

- A total of \$30 million, \$23 million from Tidelands Oil Revenues and

DOE's Office of Hearings and Appeals (OHA), but may be specified by the courts. One allocation, made in the 1983 Federal Budget, was the result of Congressional action.

During 1986–87, \$172.5 million in PVEA funds from the Exxon, Stripper Well and numerous small case settlements was appropriated to various State agencies by several pieces of legislation. Approximately \$127 million in PVEA funds is ex-

**Table 11-2**  
**Summary of Local Revenues**  
**(Dollar Amounts in Millions and Expenditures per ADA in Dollars)**

<b>Local Agencies</b>	<b>1984-85</b>	<b>1985-86</b>	<b>1986-87</b>	<b>1987-88</b>
<b>Counties</b>				
Property Taxes .....	\$3,156.3	\$3,285.5	\$3,637.8	\$3,960.9
Sales Tax .....	328.8	346.2	360.1	381.7
Vehicle License Fees .....	670.5	839.2	922.1	1,040.5
Other Revenues .....	1,654.6	1,433.6	1,484.6	1,930.5
Total .....	\$5,810.2	\$5,904.5	\$6,404.6	\$7,313.6
Less Mandated Health				
Welfare Costs .....	(735.7)	(805.1)	(854.8)	(856.6)
Adjusted Total .....	\$5,074.5	\$5,099.4	\$5,549.8	\$6,457.0
<b>Cities</b>				
Property Taxes .....	\$1,137.0	\$1,244.5	\$1,392.2	\$1,515.8
Sales Tax .....	1,674.2	1,762.9	1,833.4	1,943.5
Vehicle License Fees .....	446.4	578.1	635.5	717.1
Other Revenues .....	2,462.5	2,369.4	2,483.2	2,617.6
Total .....	\$5,720.1	\$5,954.9	\$6,344.3	\$6,794.0
<b>Special Districts</b>				
Property Tax .....	797.8	907.6	991.5	1,079.5
<b>Education</b>				
K-12 and County Offices				
Property Tax .....	\$2,886.9	\$3,213.7	\$3,454.1	\$3,735.5
State Apportionment .....	6,882.2	7,701.8	8,413.5	8,499.4
Categorical Aid .....	2,682.8	2,766.3	2,934.7	2,994.7
Lottery .....	—	558.4	394.6	493.0
Total .....	\$12,451.9	\$14,240.2	\$15,197.0	\$15,722.6
ADA .....	4,351,416	4,467,736	4,594,059	4,691,914
Expenditures Per ADA .....	\$2,862	\$3,187	\$3,308	\$3,351
<b>Community Colleges</b>				
Property Tax .....	\$432.2	\$497.6	\$543.4	\$591.6
Fees .....	62.6	66.1	64.6	64.0
State Apportionments .....	1,056.4	1,097.1	1,115.5	1,106.8
Categorical Aid .....	60.1	101.7	116.5	108.7
Lottery .....	—	85.4	55.2	72.5
Total .....	\$1,611.3	\$1,847.9	\$1,895.2	\$1,943.6
ADA .....	644,419	634,879	646,942	659,233
Expenditures per ADA .....	\$2,500	\$2,911	\$2,929	\$2,948



**Table 11-3**  
**Local Assistance Expenditures**  
**State General Fund**  
**(In Thousands)**

	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>
<b>Assistance to Individuals</b>			
<b>Health and Welfare</b>			
SSI/SSP Grants.....	\$1,407,725	\$1,637,517	\$1,768,251
AFDC Grants .....	1,789,786	1,952,302	1,985,342
Special Adult Programs .....	2,565	2,516	3,108
Office of Statewide Health Planning.....	3,147	3,390	2,880
Total.....	\$3,203,223	\$3,595,725	\$3,759,581
<b>Tax Relief</b>			
Homeowners' Tax Relief .....	333,829	338,200	343,273
Senior Citizens' Property Tax Assistance.....	6,377	5,161	4,166
Senior Citizens' Property Tax Deferral .....	4,651	7,000	7,000
Senior Citizens Renters' Tax Relief .....	28,876	24,583	19,602
Renters' Tax Relief .....	452,570	466,000	475,000
Energy Tax Credit .....	3,215	102	—
Total.....	\$829,518	\$841,046	\$849,041
Student Aid Commission .....	99,578	112,408	117,843
California Arts Council .....	9,321	9,982	10,000
Total, Assistance to Individuals.....	\$4,141,640	\$4,559,161	\$4,736,465
<b>Payments to Service Providers</b>			
<b>Health and Welfare</b>			
Department of Aging.....	21,535	31,086	30,868
Department of Alcohol and Drug Abuse			
Alcohol Program .....	37,323	37,274	37,274
Drug Program.....	33,014	34,521	34,521
Department of Health Services			
Public Health Services .....	129,759	130,718	75,764
Medi-Cal Assistance Program....	2,295,104	2,398,891	2,391,108
Department of Developmental Services—(Regional Centers) ...	344,736	427,135	452,369
Mental Health Services.....	459,000	497,240	496,093
Social Service Programs .....	306,636	430,584	520,995
Community Care Licensing .....	8,300	7,997	8,383
Department of Rehabilitation .....	57,385	62,407	65,599
Emergency Medical Services Authority .....	754	863	1,717
Total, Payments to Service Providers .....	\$3,693,546	\$4,058,716	\$4,114,690

**Table 11-3—Continued  
Local Assistance Expenditures  
State General Fund  
(In Thousands)**

	1985-86	1986-87	1987-88
<b>Payments to Local Government</b>			
<b>Restricted</b>			
Legislative/Judicial/Executive . . . . .	\$94,557	\$89,126	\$92,935
State and Consumer Services . . . . .	1,000	1,162	1,000
Business/Transportation/Housing . .	18,940	8,853	7,440
Resources . . . . .	11,712	2,601	2,402
Health and Welfare			
Department of Health Services:			
Public Health Services for Local			
Agencies . . . . .	954,982	970,528	562,520
County Administration . . . . .	64,825	62,557	71,469
Department of Social Services			
County Administration . . . . .	124,965	140,326	156,863
Employment Development			
Department . . . . .	10,444	—	—
Department of Corrections . . . . .	34,110	29,243	30,251
Youth Authority . . . . .	72,864	73,411	72,911
Education			
K-12 Categoricals . . . . .	2,977,867	3,188,303	3,331,886
Contribution to Teachers'			
Retirement Fund . . . . .	418,209	464,843	507,385
Community College Categoricals .	70,653	81,454	108,739
Student Aid			
Commission—CALSOAP . . . . .	497	497	497
School Facilities Aid/Debt			
Service—School Building			
Bonds . . . . .	—	—85,309	5,000
Other Governmental Units . . . . .	44,055	45,773	42,885
Shared Revenues—Tidelands . . . . .	466	450	450
Local Streets and Roads . . . . .	125,000	76,500	—
Local Mandates . . . . .	109,283	132,467	58,108
Total—Restricted . . . . .	\$5,134,429	\$5,282,785	\$5,052,741
<b>General Purpose</b>			
Education			
K-12 Apportionments . . . . .	7,472,450	8,148,241	8,149,691
Community College			
Apportionments . . . . .	1,093,956	1,113,456	1,104,547
Other Governmental Units			
Aid to Local Government . . . . .	25,883	53,100	7,600
Tax Relief			
Open Space . . . . .	13,822	14,200	14,200
Substandard Housing . . . . .	102	120	126
Special Supplemental			
Subventions . . . . .	73,408	34,566	25,380
Total—General Purpose . . . . .	\$8,679,621	\$9,363,683	\$9,301,544
Total Payments to Local			
Government . . . . .	\$13,814,050	\$14,646,468	\$14,354,285
Unallocated . . . . .	—	2,640	40,000
Estimated Unidentifiable Savings . . . . .	—	—170,000	—170,000
Total, General Fund Local Assistance . .	\$21,649,236	\$23,096,985	\$23,075,440



**Table 11-4**  
**Program For Building California**  
**(In Millions)**  
**(Budgeted Basis)**

STATE FACILITIES PROGRAM	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	TOTAL
Highways.....	\$1,497	\$1,706	\$1,175	\$1,187	\$1,022	\$1,024	\$7,611
Water Project.....	401	446	441	447	462	464	2,661
Higher Education.....	309	298	549	443	438	399	2,436
State Hospitals.....	15	46	57	51	24	20	213
CDC and CYA Facilities.....	889	301	398	92	12	10	1,702
Underground Storage Tanks, Asbestos, & PCB's.....	14	40	38	41	36	36	205
Parks and Recreation.....	4	35	63	31	4	3	140
State Facilities Energy Conservation....	67	21	50	100	100	100	438
Maintenance of State Facilities.....	819	867	883	891	920	922	5,302
Other.....	30	39	58	68	119	98	412
Total—State Facilities Program.....	\$4,045	\$3,799	\$3,712	\$3,351	\$3,137	\$3,076	\$21,120
ASSISTANCE TO OTHER ENTITIES							
Toxics Cleanup (funded through State Operations).....	\$5	\$42	\$35	\$40	\$22	\$24	\$168
K-12 Construction.....	542	453	650	550	550	550	3,295
K-12 Maintenance.....	95	94	85	80	80	80	514
Streets and Roads							
—Local Assistance.....	295	268	268	268	268	268	1,635
—SB 300 (Chapter 1600/85).....	90	—	—	—	—	—	90
—Shared Revenues.....	580	587	594	601	608	615	3,585
Mass Transportation.....	49	53	43	45	47	53	290
Underground Tanks Mandate.....	12	12	21	24	—	—	69
Airports.....	5	5	5	5	5	5	30
Flood Control.....	19	17	11	11	11	11	80
—Chapter 16/86—local flood control....	47	—	—	—	—	—	47
Safe Drinking Water Project.....	53	41	46	46	46	46	278
Waste Water Treatment.....	65	65	65	65	65	65	390
Local Jails.....	118	142	175	175	—	—	610
County Hospitals.....	10	—	—	—	—	—	10
Senior Citizens Centers.....	45	—	—	—	—	—	45
Parks and Recreation.....	49	4	40	40	40	40	213
Beach and Soil Erosion Control.....	8	2	—	—	—	—	10
Total—Assistance to Other Entities.....	\$2,087	\$1,785	\$2,038	\$1,950	\$1,742	\$1,757	\$11,359
Total (State Facilities and Assistance to Other Entities).....	\$6,132	\$5,584	\$5,750	\$5,301	\$4,879	\$4,833	\$32,479
Local Bond Pooling.....	—	—	—	—	—	—	33
Privatization.....	—	—	—	—	—	—	10
Potential Bond Authorizations (not otherwise displayed).....	—	—	250	—	2,000	—	2,250
Total—Program for Building California.....							\$34,772

**Table 11-5**  
**Petroleum Violation Escrow Account Program**  
**Information Display**  
**(In Millions)**

<b>PVEA PROGRAM ADMINISTRATOR</b>	<b>PROJECT</b>	<b>1987-88 \$ Amount</b>
California Energy Commission.	<p><i>School Bus Demonstration Project</i>  This project will provide funds to purchase approximately 1,300 safe, fuel efficient buses, which represents 20 percent of local education agency-owned pre-1977 buses. The Energy Commission will function as the administrative and fiscal agent for the funds, in consultation with the Department of Education, while the California Highway Patrol will establish priorities and standards for the purchase of buses based on the results of an engineering study.</p>	\$100
	<p><i>Operations &amp; Maintenance for Energy Efficiency Improvements and Energy System Modifications at State-Supported College and University Facilities</i>  This project is designed to improve energy efficiency at State-supported colleges and universities. It involves: (1) data collection; (2) establishment of operations and maintenance standards; (3) staff training; (4) on-going energy equipment maintenance, and (5) conservation projects targeted at heating, ventilation, air conditioning and lighting equipment.</p>	6
	<p><i>Institutional Conservation Program (Schools and Hospitals Grants Program)</i>  These grant funds will provide up to 50 percent matching grants for technical assistance studies and the installation of energy efficiency measures in public and non-profit private schools and hospitals.</p>	4.5
Waste Management Board. . . .	<p><i>Waste-to-Energy Demonstration</i>  This project will determine and demonstrate the environmental impacts of municipal waste-to-energy technology to the public, State and local environmental regulatory agencies. It includes both the demonstration of new commercially-available technologies and the evaluation of existing waste-to-energy facilities in operation to determine their environmental impacts.</p>	1
Department of Economic Opportunity . . . . .	<p><i>Low-Income Home Energy Assistance Program (LIHEAP)</i>  The Stripper Well settlement agreement provides that States consider low-income populations in the proposed expenditure of these funds. This project will provide restitution through the various program elements which assist the low-income population to reduce the impact of energy costs for home heating and cooling.</p>	5.5
Department of Transportation	<p><i>Transit Capital Improvement Projects</i>  This project will provide \$6 million to local transit operators for various purposes permitted under the State Transit Assistance Program. In addition, \$4 million will be provided for Transit Capital Improvement projects selected by the California Transportation Commission.</p>	10
<b>TOTAL . . . . .</b>		<b>\$127</b>





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# Information Technology

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The Governor's Budget for 1987-88 includes more than \$57 million in new automation and telecommunications projects, bringing the State's projected annual expenditure for all aspects of information technology to more than \$690 million. These new projects continue the State's commitment to sound and responsible information management practices.

The State's information systems, data bases, data processing facilities and telecommunications linkages are an irreplaceable resource for California. Like the private sector, government has come to recognize that information is one of its most important assets and that modern information technology is absolutely essential to the management of that asset. Agencies could not process the huge volume of information associated with today's public programs without computers, nor could they transmit that information between offices and to the public without the State's advanced telecommunications networks.

Whether it is matching job applicants to employment opportunities, processing tax returns or providing local law enforcement agencies with direct access to the State's fingerprint files, the common purpose of new and continuing information technology projects is to improve State services while controlling the size and cost of government.

## State Applications

The State's uses of information technology range across the full spectrum of current technological capabilities, from large data centers operating mainframe computers and statewide telecommunications networks to office systems and personal computers. State applications of information technology include the following:

### Statewide Data Base Systems.

Large data centers operate the most modern mainframe computer technology in order to process and safeguard the State's major data bases. The recently implemented Tax Accounting System (TAS), within the Employment Development Department, has been characterized as the third largest data base system in the United States—trailing only the Internal Revenue Service and Defense Department systems. TAS will reduce the time to process "problem" tax returns to as little as 5 days—processing that could take as long as 4 months under the previous system.

**Specialized Systems.** Recent advances in computer hardware and software are allowing a variety of highly-specialized applications that would have seemed like science fiction a decade ago. State agencies have been alert to the opportunities presented by these sophisticated applications, with the Computer-Aided Design and Drafting (CADD) system in the Department of Transportation and the CAL-ID fingerprint identification system in the Department of Justice being among the best known examples.

**Office Systems.** The automated office system, supporting not only word processing but electronic filing and mail functions as well, has become the workhorse of State data processing. Large and small agen-

cies are implementing systems tailored to their needs. As a result, clerical and professional productivity have increased, and services are being provided more efficiently to the people who depend on these programs.

**Personal Computers.** The development of the personal computer has transformed the distribution of computer power within State government, just as it has caused a similar transformation in the private sector. Personal computers are now in widespread use in the State, with virtually every agency having implemented a comprehensive policy for the effective management of these inexpensive systems. A State computer store, established during the Spring of 1986, provides agencies with an economical alternative to traditional procurement methods. Individual State employees now have a full range of sophisticated analytical and data base management capabilities at their fingertips.

**Telecommunications.** The State is responding to the opportunities presented by the divestiture of American Telephone and Telegraph and the partial deregulation of the telecommunications industry by taking a more active role in telecommunications planning and management at the agency level and by developing advanced technical support capabilities and facilities at the State level. One such facility is the fiber optic network being estab-

Services is also taking advantage of the benefits of this recent development in information technology by establishing high capacity fibre optic linkages between major State office buildings in downtown Sacramento.

### **Budget Highlights**

Significant projects in the Governor's Budget include:

#### **CAL-ID Remote Access Network—Department of Justice.**

The CAL-ID system employs advanced computer technology to provide law enforcement with the ability to identify individuals based on their fingerprints and to conduct automated searches against latent fingerprints found at the scene of a crime. The budget proposes \$4.8 million for continuing costs and for the acquisition of equipment to allow local law enforcement agencies to access the automated system. Overall, this proposed expenditure will assist in reducing the time necessary to conduct searches and bring the highly-sophisticated capabilities of CAL-ID directly to California's police and sheriff's departments.

#### **Uniform Commercial Code Automated Optical Disk System—Secretary of State.**

The Secretary of State's Office maintains files describing personal property used as security for loans. The information in these public files protects prospective lenders, as well as potential buyers of personal property. Use of new optical disk data storage tech-

**Job Services Automation—Employment Development Department.** The budget includes \$2.7 million for the second phase of this statewide project linking all Job Services offices. This system will support computer-assisted matching of job openings and applicants with more than 12,000 searches per day. When fully operational, the system will allow redirection of 140 person years from administrative and support activities to improved client services.

#### **Vital Record Improvement Project—Department of Health Services.**

The budget includes \$5.2 million for this project which will microfilm and create computer indexes for vital records, as well as create an improved record retrieval and certified copy production system. This project will not only preserve essential State records, but also reduce the time to provide certified copies of records from the current 8 to 10 weeks to approximately 1 week. The Office of State Registrar (OSR) within the Department of Health Services is the primary source of legal documentation of the facts of birth, death, marriage, marriage dissolution and a basic source of public health information for California residents. There are now 37 million records on file with OSR, with the file increasing at an annual rate of 1 million.

#### **Integrated Financial Aid Information System—Student Aid Commission.**

Funding in the amount of \$1.4 million is included in the budget for the first year development of a system to replace systems currently spread across 5 organizations, 6 separate computer systems, 7 separately managed grant programs, 2 loan programs and 2 additional financial assistance programs. The number of application forms required of students will be reduced to 1, processing times will be significantly decreased, collections associated with defaulted loans will be increased and the Commission will improve its management control over its various programs.

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***"The development of the personal computer has transformed the distribution of computer power within State government, just as it has caused a similar transformation in the private sector."***

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lished along the California aqueduct between Northern and Southern California by the Department of Water Resources. This network will not only improve the ability of the Department to manage the aqueduct but will provide enhanced voice and data communications capabilities as well. The Department of General

nology to replace an existing batch-oriented computer system will allow on-line processing of Uniform Commercial Code filing inquiries. The use of this new technology will reduce response time to 2 working days from the current 8 to 16 working days. The budget includes \$3.1 million for this project.



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# Employee Compensation

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The Governor's compensation policy is to reward employees in relation to their performance. The ability to encourage productivity and creativity through the compensation program is the key to building efficient State government and, as a consequence, effective delivery of services to the public.

Since coming into office, the Governor has increased State employee salaries by approximately 28 percent, including inequity adjustments in certain classifications, which represents an average annual salary increase of 7 percent for the period 1983-84 through 1986-87. The salary and benefit increases have resulted in sal-

employees with an optional retirement plan.

- Enhanced retirement benefits for peace officers and firefighters and added retirement program security for all employees in full compliance with recent Federal legislation.

In total, this Administration's efforts to retain and reward productive employees for their services have been demonstrated by providing competitive salary increases and creative benefit additions and options.

Higher education salary programs for faculty and nonfaculty employees are based on similar objectives. Additional information on these programs is contained in the Education section of this Budget Summary.

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*"Since coming into office, the Governor has increased State employee salaries by approximately 28 percent . . . which represents an average annual salary increase of 7 percent for the period 1983-84 through 1986-87."*

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## Collective Bargaining

The Governor's ability to provide compensation programs that foster recruitment and retention of an efficient State work force is realized through the collective bargaining process.

As a practical matter, most conditions of employment are subject to collective bargaining and must be addressed in a Memorandum of Understanding (MOU). Issues negotiated under the State Employer-Employee Relations Act (SEERA) include:

aries for State employees which are competitive with salaries for similar employment outside of State service. In addition, significant improvements to benefits for employees have been adopted. These improvements include:

- Enhanced dental benefits.
- Provision of a vision care benefit.
- Recognition of Martin Luther King Day.
- Adoption of a two-tier retirement structure providing em-

- Salaries, allowances and payments for work-related expenses.
- Holidays, vacation, sick leave, leave of absence and training.
- Health insurance, life insurance, disability benefits and rehabilitation services.

- Employee performance reviews and other conditions of employment.

Excluded from collective bargaining under SEERA are the basic functions of the employer, including merit employment principles and the necessity or organization of any service or activity provided by law.

### Compensation Program

In 1985–86, the Administration and bargaining units negotiated two-year economic agreements which expire at the end of 1986–87. The two-year MOUs, following significant compensation improvements in 1983–84 and 1984–85, greatly strengthened the economic position of State employees both with respect to past pay inequities and ongoing inflationary trends, as shown in Figure 12-1.

The budget proposes a general compensation increase of up to 3 percent, commencing January 1, 1988. Specific wage and benefit levels within this allocation will be the subject of collective bargaining

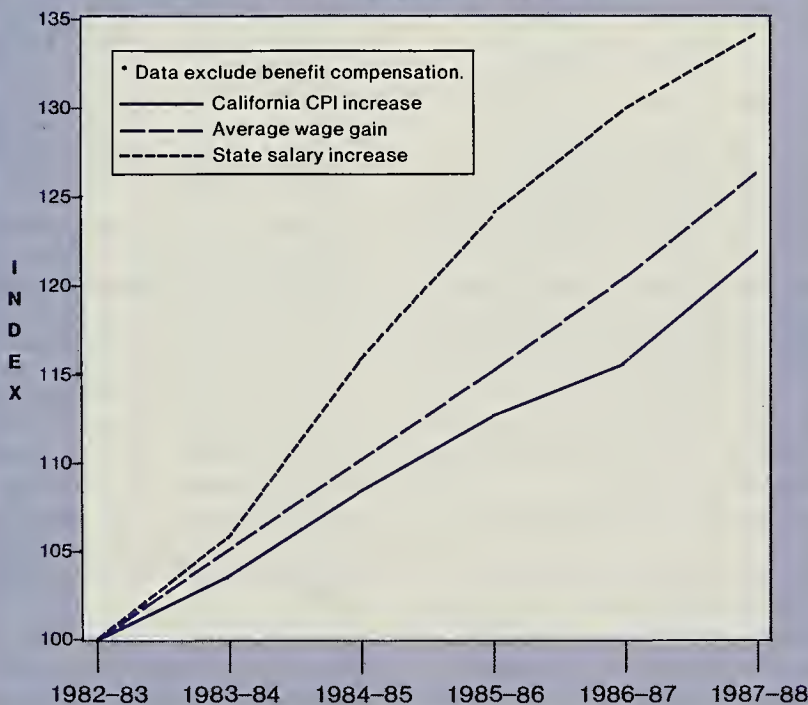
negotiations for represented employees. The budget also includes health and dental benefit funding for the State's employer contributions for its employees and for its retired annuitants at the levels estimated necessary to maintain contractual coverage agreements.

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***“The budget proposes a general compensation increase of up to 3 percent, commencing January 1, 1988.”***

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**Figure 12-1**  
**Employee Compensation:**  
**Cumulative change since 1982–83**





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# Economic Outlook

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## National Forecast

The economic performance of the nation during 1986 was moderate by historical standards and reflected widely diverse trends. Consumer spending rose 4 percent in real terms. Government purchases increased by 3 percent and investment by 2 percent. Offsetting these modest gains was a further weakening of net exports, which amounted to a minus \$146 billion.

The outlook hinges basically on three elements: consumer spending, net exports and inventory investment.

Consumers can be counted on to keep the expansion going, although gains will be less in 1987 than in 1986. The acceleration of "big

This is a good development since it reduces the chances for disruptive inventory swings.

Net exports are difficult to evaluate given the interaction of domestic and international elements. Depreciation of the U.S. dollar has been considerably less than generally thought when current trading patterns are taken into account. Production overseas is being shifted in some cases to countries with currencies tied to the dollar. Furthermore, margins are being reduced to avoid large price increases for imports in the U.S. On the other side, there have been reports that exporters are taking advantage of the dollar's decline to increase margins.

Beyond this, there is a strong correlation between final domestic demand and imports. It has been estimated that each 1 percent increase in economic activity in the U.S. raises the demand for imports by 1.7 percent. As a result, exports have yet to see any significant gains and imports continue to outpace export volume by a wide margin. Sustained improvement is likely to be difficult to achieve.

Forthcoming tax law changes have complicated evaluation of the outlook. There are indications that investment has been tempered by the impending loss of tax shelter status and the investment tax credit. Overbuilding in many metropolitan areas, particularly of office space, has also served to curb new projects. Spending on producers' durable equipment has been hindered by falling oil prices, which discouraged exploration and drilling activity.

Federal Reserve policy has remained accommodative, however, allowing interest rates to fall to keep the expansion going. There is a

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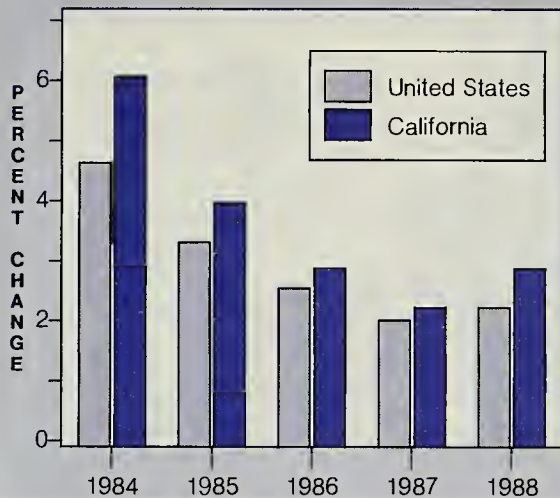
*"The outlook hinges basically on three elements: consumer spending, net exports and inventory investment."*

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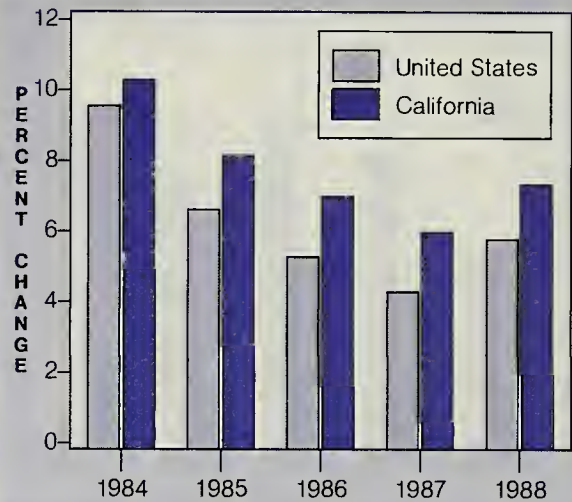
ticket" purchases in 1986, such as autos to take advantage of special financing incentives and the final year of the sales tax deduction, will temporarily slow down purchases in 1987. Consumer debt in relation to income, already at an all-time high, continues to grow. The savings rate has fallen to exceptionally low levels. These situations are expected to hold spending increases to gains in income.

The inventory situation will be determined by final demand. The inventory/sales ratio has been quite stable in recent months, suggesting that business has achieved an acceptable balance of inventories in relation to sales, and that large-scale rebuilding will not be required.

**Figure 13-1**  
Growth in Nonagricultural Wage and Salary Employment



**Figure 13-2**  
Growth in Personal Income



possibility of further interest rate declines in early 1987, which should provide additional momentum to the economy. Monetary policy in recent quarters has precluded any pres-

idential rents, homeownership costs and medical care. Stabilization of oil prices alone will lead to a slightly higher inflation rate in 1987 than in 1986. It has been assumed

and mining are expected to see a slight downtrend in 1987 before staging a moderate rebound in 1988. The traditional service industries, in contrast, should experience good gains each year.

The current business expansion has now lasted more than four years and shows no sign of coming to a halt. In fact, the uneven growth pattern of the past year may well have eliminated any potential problem areas, precluding any downturn for the balance of this decade.

### California Forecast

The California economy is showing somewhat mixed trends. Overall, the State continues to do better than the nation. Employment gains are higher and the unemployment rate is lower. Housing activity has remained stronger. Income gains are better.

On the other hand, employment and income gains have been slowing on a year-over-year basis for the past several quarters. There have been some concerns expressed that re-

*“... current business expansion has now lasted more than four years and shows no sign of coming to a halt.”*

sures arising from either the federal budget deficit or the foreign trade imbalance. In fact, the inflow of investment funds from overseas, resulting from the negative net export situation, has facilitated the absorption of U.S. Treasury financing related to the budget deficit.

Real GNP is forecast up 2.4 percent for 1987, with growth from the fourth quarter of 1986 to the fourth quarter of 1987 at 3 percent.

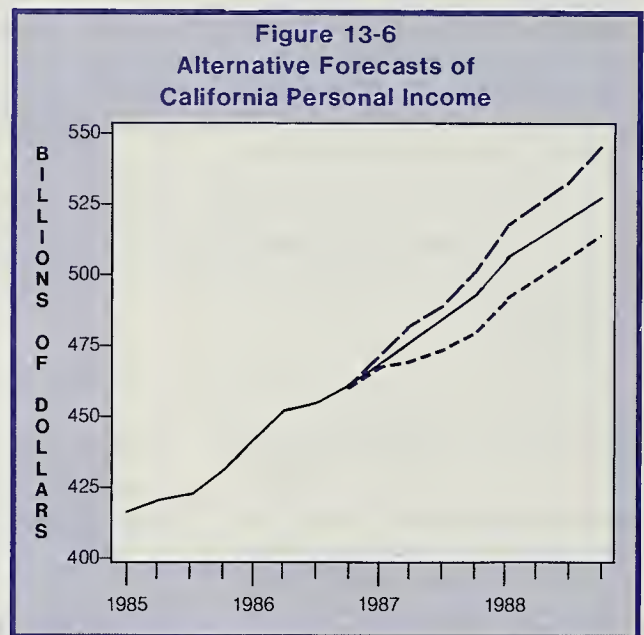
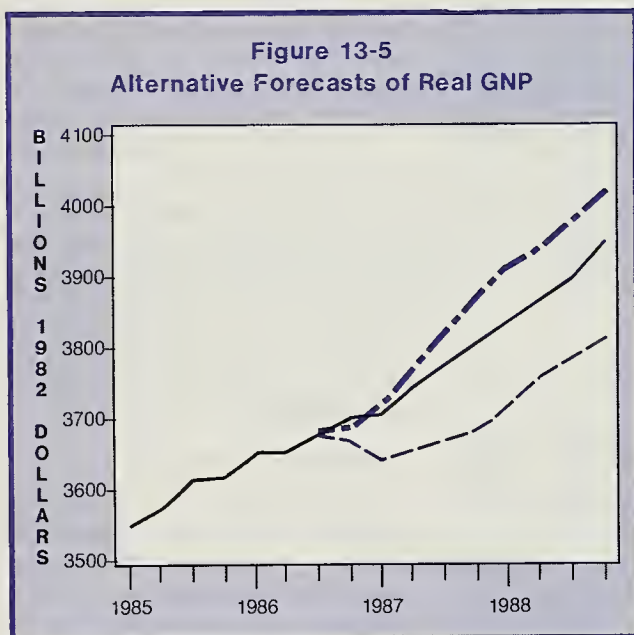
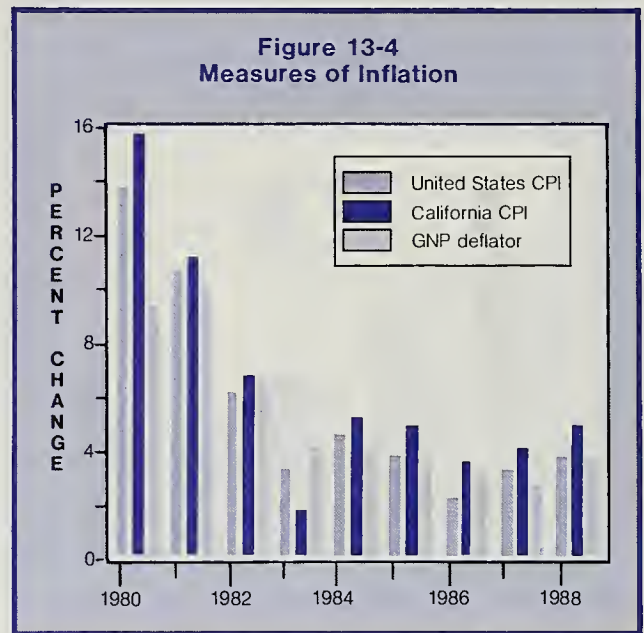
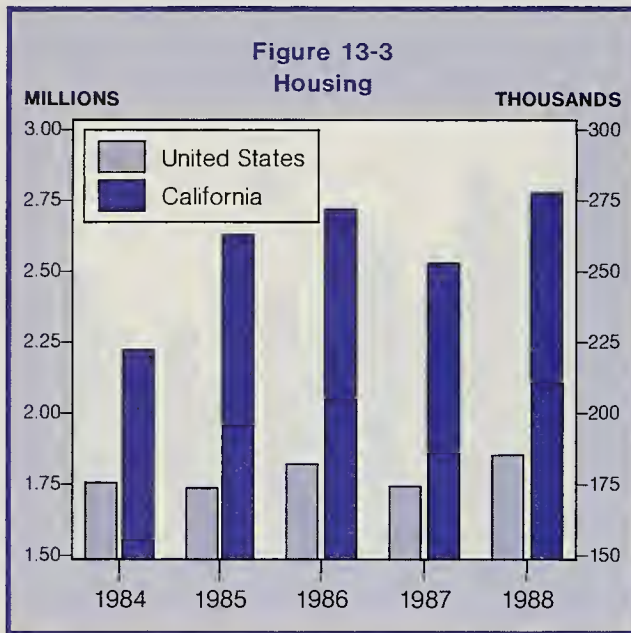
One very favorable indicator is the outlook for inflation, which remains comfortably low. The consumer price index is expected to be up by slightly more than 3 percent in 1987. Goods prices will continue to rise only slowly. Service components will see stronger increases, led by

that oil will average \$15 per barrel through the forecast period, with significant swings both above and below this level.

The outlook for employment is also good, with increases of 2 percent in 1987 and 2.3 percent in 1988 effectively holding the jobless rate to about 7 percent. Significant improvement beyond this will be difficult to achieve given the rate of growth in the labor force and the very moderate pace of the expansion. Construction, manufacturing

*“Overall, the State continues to do better than the nation.”*





tail sales may be somewhat softer than elsewhere in the U.S. The overbuilding situation in nonresidential structures has been severe in major metropolitan areas. The slump in the semiconductor industry has had a particularly hard impact on the Silicon Valley area.

The likelihood is that a transition phase to a more moderate growth path is now being completed and

that the last half of 1987 and 1988 will show a significant improvement.

California's gains over the past year have come largely from trade, services and construction.

The construction situation is particularly interesting. Reactions to tax law changes may be significant. Surveys indicate that there may be considerable overbuilding in Cali-

fornia. To the extent that overbuilding has been related to tax shelter considerations, there may be a sharp retrenchment until existing space is brought down to levels consistent with demand. It has been estimated that this will take several years in some parts of the State. The forecast assumes that there will be a contraction in nonresidential building authorizations in the com-

**Table 13-7**  
**Selected Economic Data, 1986 to 1988**  
(Dollar Amounts in Billions)

	(Dollar Amounts in Billions)				
		1987		1988	
STANDARD FORECAST	1986 (Estimated)	Amount	Percent Change	Amount	Percent Change
UNITED STATES					
Real gross national product (1982 \$) .....	\$3,674.0	\$3,760.4	2.4	\$3,887.2	3.4
Personal consumption expenditures .....	2,417.1	2,475.1	2.4	2,540.5	2.6
Gross private domestic investment .....	660.7	650.7	-1.5	685.1	5.3
Net exports .....	-146.6	-132.5	-	-125.4	-
Government purchases of goods and services .....	742.7	767.1	3.3	787.0	2.6
GNP deflator (1982 = 100) .....	114.6	117.3	2.4	121.2	3.3
GNP (current \$) .....	\$4,209.2	\$4,411.1	4.8	\$4,711.1	6.8
Personal income .....	\$3,488.4	\$3,645.0	4.5	\$3,855.7	5.8
Corporate profits before taxes .....	\$232.0	\$256.2	10.4	\$316.0	23.4
Wage and salary employment (thous.) .....	100,073	102,050	2.0	104,436	2.3
Unemployment rate (%) .....	7.0	7.1	-	7.0	-
Housing starts (mill.) .....	1.84	1.72	-6.6	1.86	8.5
New car sales (mill.) .....	11.2	10.0	-11.1	10.7	7.0
Consumer price index (1967 = 100) .....	328.6	338.8	3.1	351.1	3.6
CALIFORNIA					
Civilian labor force (thous.) .....	13,331	13,745	3.1	14,207	3.4
Civilian employment .....	12,437	12,792	2.9	13,213	3.3
Unemployment .....	894	953	6.7	995	4.3
Unemployment rate (%) .....	6.7	6.9	-	7.0	-
Wage and salary employment (thous.) .....	11,310	11,575	2.3	11,903	2.8
Personal income .....	\$453.4	\$481.0	6.1	\$515.7	7.2
Housing units authorized (thous.) .....	271	254	-6.2	276	8.7
Corporate profits before taxes .....	\$38.3	\$42.9	12.0	\$48.3	12.6
New auto registrations (thous.) .....	1,405	1,278	-9.0	1,363	6.7
Total taxable sales .....	\$216.3	\$225.0	4.0	\$238.9	6.2
Consumer price index (1967 = 100) .....	339.5	353.0	4.0	369.2	4.6
LOW ALTERNATIVE					
UNITED STATES					
Real GNP .....	\$3,666.8	\$3,665.4	n.c.	\$3,772.5	2.9
Personal income .....	3,486.8	3,599.5	3.2	3,760.0	4.5
Corporate profits .....	232.2	234.2	0.8	276.0	17.9
Wage and salary employment (thous.) .....	100,050	101,436	1.4	103,048	1.6
Unemployment rate (%) .....	7.0	7.5	-	7.3	-
Housing starts (mill.) .....	1.82	1.50	-17.9	1.71	14.0
New car sales (mill.) .....	11.2	9.0	-19.1	10.1	11.3
CALIFORNIA					
Nonagricultural employment (thous.) .....	11,307	11,451	1.3	11,747	2.6
Unemployment rate (%) .....	6.7	7.4	-	7.4	-
Total personal income .....	\$453.1	\$473.8	4.6	\$503.5	6.3
Housing units (thous.) .....	271	161	-40.7	247	53.9
HIGH ALTERNATIVE					
UNITED STATES					
Real GNP .....	\$3,673.2	\$3,794.6	3.3	\$3,961.6	4.4
Personal income .....	3,489.5	3,675.9	5.3	3,935.8	7.1
Corporate profits .....	231.4	262.6	13.5	334.2	27.3
Wage and salary employment (thous.) .....	100,101	102,556	2.5	105,656	3.0
Unemployment rate (%) .....	7.0	6.8	-	6.7	-
Housing starts (mill.) .....	1.84	1.85	0.7	2.00	8.1
New car sales (mill.) .....	11.2	10.5	-6.1	11.3	6.9
CALIFORNIA					
Nonagricultural employment (thous.) .....	11,316	11,689	3.3	12,123	3.7
Unemployment rate (%) .....	6.7	6.4	-	6.2	-
Total personal income .....	\$453.7	\$486.8	7.3	\$530.4	9.0
Housing units (thous.) .....	271	272	0.5	296	8.7

NOTE: Percentage changes calculated from unrounded data



ing year, offset in part, however, by projects still underway.

Residential activity will combine two patterns: strength in single family housing, reflecting declines in mortgage rates, and weakness in multi-family housing, reflecting changes in depreciation schedules. Overall, homebuilding is expected to be a favorable element in the outlook, with the number of housing units authorized at the 254,000 level in 1987 and 276,000 in 1988.

The consumer will again play a major role. As in the nation, there may be a period of restraint early in 1987. This should be followed by steady gains through the balance of the forecast period, however.

Another major sector is the aerospace/electronics industry. It appears that recent adjustments related to demand for the semiconductor industry may be coming to an end. This will permit stability and possibly even gradual expansion in the coming years. Federal budget constraints are not expected to lead to any cutbacks given the volume of contracts still underway.

Overall, employment is forecast up 2.3 percent in 1987, with a gain of 2.8 percent in 1988. Personal income will rise by just over 6 percent this year and by 7.2 percent next. California should continue to outperform the nation, indicating a good adjustment to the low inflation, moderate growth environment which has developed.

### **Alternative forecasts**

An alternative set of forecasts has been prepared for the U.S. and California, designed to bracket the potential deviation from the standard forecast used for the budget.

The high side assumes that the recent stop-and-go pattern of quarterly growth will be replaced by strong gains of approximately 4 to 6 percent. This would mark a return to a growth trend typical of the early recovery/expansion phase of the business cycle. In essence, recent weakness in various sectors would prove to have been only a temporary adjustment process, eliminat-

ing any inherent imbalances and the possibility of a recession in the near term. The consumer would continue to support the economy. Net exports would see a dramatic turnaround. Inventory building and other types of investment would bounce back strongly. Inflation would also begin to heat up moderately, as rising demand began to place pressures on suppliers.

The low side interprets recent developments as the precursor to recession. Consumers retrench sharply in the current quarter to work down debt levels. Business responds by cutting back on jobs. Investment decisions are delayed in the face of weak demand and continued uncertainty over the impact of tax revision. The recent improvement in net exports proves to be only temporary, and imports once again swell the trade deficit. Unemployment edges higher. The downturn is not severe, however, resembling more the saucer-shaped setback on 1960-61 than the more typical V-shaped downturn. By late this year, the economy is showing signs of recovery, and 1988 turns in a strong performance.

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# Revenue Estimates

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The performance of the economy has had a moderating influence on California revenues during the last half of 1986. This slower growth is expected to continue during the first half of 1987, followed by significant improvement at the end of 1987 and during calendar year 1988. The impact of this economic strength is anticipated in the budget forecast, but will not be fully realized until 1988–89.

**Enforcement Efforts.** This forecast reflects a continuation of the increased enforcement efforts initiated by the Franchise Tax Board and the Board of Equalization in 1986–87. During 1987–88, these efforts are expected to generate approximately \$48 million in additional sales, personal income and corporate tax revenue. (For further detail, refer to the State Board of Equalization and Franchise Tax Board sections).

## **Tax Reform Act of 1986.**

The passage of the National Tax Reform of 1986 provides a unique opportunity for California. This Administration will support legislative efforts to achieve the following goals:

1. Simplify tax return preparation.
2. Eliminate loopholes.
3. Maintain equitable sharing of tax burden.
4. Provide for revenue neutrality.

Changes in taxpayer behavior resulting from the Federal Tax Reform Act of 1986 have complicated the revenue forecast. While the total impact appears not to be significant, it is expected to alter cash flow pat-

terns during the forecast period, moving revenues from one fiscal year to another.

**Legislation.** There was no significant impact on the current year revenues from legislative action. The budget year revenues from corporations will be reduced by \$40 million due to the "water's edge option," provided by Chapter 660, Statutes of 1986. Legislation relating to the Governor's Rural Renaissance Program, as well as legislation dealing with the "underground economy," were passed and are expected to provide long-term benefits to the State.

**Revenue Summary.** Overall, General Fund revenues and transfers, which represent approximately 84 percent of the budget, will amount to \$31,742 million during 1987–88, an increase of \$977 million from the

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*"This Administration will support legislative efforts to . . . Simplify tax return preparation . . . Eliminate loopholes . . . Maintain equitable sharing of a tax burden . . . Provide for revenue neutrality."*

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revised 1986–87 estimate of \$30,765 million. Special Fund revenues are expected to increase by \$962 million to \$6,112 million in 1987–88. The influence of economic factors upon the various tax bases and the methods used in developing the revenue estimates are summarized in the following material. A complete listing of revenue by source is presented in Schedule 8.



## General Fund Revenue

### Personal Income Tax—

**\$13,200,000,000.** The personal income tax is imposed on net California taxable income (gross income less exclusions and deductions) with tax rates ranging from 1 to 11 percent. Personal, dependent and other credits are allowed against the gross tax liability. In addition, a tax on preference income is levied at one-half the regular rates. Preference income includes such items as a portion of accelerated depreciation and the excluded amount of capital gains income.

The personal income tax is adjusted annually for inflation so taxpayers will not be pushed into higher tax brackets when their real income has not increased. This adjustment for inflation is known as indexing. Since its adoption in 1978, indexing has resulted in substantial reductions in income tax revenue. For the budget period, we are estimating the inflation adjustment at 3.6 percent.

The growth in tax attributable to most forms of income is expected to slow in 1987 with a modest pickup again in 1988. The impact of this slowing in the current year should be offset, however, by taxpayer behavior changes due to Federal Tax Reform. The most significant of such is in the realization of capital gains. The forecast assumes revenues will be increased by \$350 million in 1986–87 as taxpayers sell assets before the preferential capital gains treatment is eliminated. This gain and more is expected to be lost in future years as transfers of capital assets decline due to the higher federal rate.

"Passive losses" is another area which should be impacted by the federal tax law change. As taxpayers begin to shift away from tax-loss investments and into income-producing areas, the State will experience higher personal income tax revenues. This factor added \$100 million to the budget year forecast. Other adjustments due to tax reform reduced the 1986–87 income tax

estimate by \$25 million and increased the 1987–88 estimate by \$30 million.

Adjustments to the forecast include Chapter 16, Statutes of 1986, the flood disaster relief package, which is expected to reduce income tax revenues by \$10 million in 1987–88. Chapter 54, Statutes of 1986, allowed farmers to carryover net operating loss deductions. It is estimated that this will result in a \$5 million reduction in 1986–87 and \$8 million in 1987–88.

The Governor has proposed allowing an income tax deduction for respite care expenses paid by family members who care for disabled senior relatives. The 1987–88 forecast was adjusted down by \$5 million to account for this proposal.

Estimated Revenues for the current and budget years, compared with actual collections in 1985–86, are

(In millions)	
1985–86 (Actual)	\$11,419
1986–87 (Estimated)	12,800
1987–88 (Estimated)	13,200

**Sales Tax—\$10,898,000,000.** The sales tax is imposed upon retailers for the privilege of selling tangible personal property in California. Most retail sales and leases are subject to the tax. However, exemptions have been provided for certain essentials such as food for home consumption, prescription drugs, gas, electricity, and water. Other exemptions provide relief for a variety of sales ranging from candy to aircraft.

The Budget year estimate has been reduced by \$477 million to reflect a shift of State sales tax revenues to local governments. Refer to the section on Local Government for more detail on this funding proposal.

Of the 6 percent rate currently imposed:

- 4¾ percent represents the State tax rate;
- 1 percent is for cities and counties; and
- ¼ percent is for county transit systems.

An additional ½ percent rate is levied by various transit districts for the support of local public transportation systems. This tax is currently imposed in the counties of San Francisco, San Mateo, Alameda, Contra Costa, Santa Cruz, Los Angeles and Santa Clara. Also, there has been a move by several counties to increase their sales tax rates to provide additional transportation funding. To date, Santa Clara, Alameda and Fresno counties have been successful in levying an additional ½ cent sales tax to fund transportation projects. These levies are in addition to any existing transit district taxes and bring the total rates levied by Santa Clara and Alameda to 7 percent and 6½ percent for Fresno.

The sales and use tax forecast is prepared by relating taxable sales by type of sale to various economic factors such as disposable personal income, housing starts, employment and inflation.

Quarterly growth in sales has continued on a slowing trend since early 1984 when sales were increasing by almost 20 percent on a year-over-year basis. The first half of calendar year 1986 increased a moderate 3.2 percent. New vehicle sales, roughly 10 percent of the tax base, increased only 2.6 percent during this period, reflecting the equally strong level of new vehicle sales during the first half of 1985.

While strong car sales have helped to maintain the tax base, fuel sales have been a substantial drag. The average retail price of gasoline was down to 72 cents per gallon during November 1986, a decline of 34 percent from December 1985. Lower prices, coupled with strong new car sales, have boosted gasoline consumption, but not enough to maintain the tax base. On a year-over-year basis, taxable gasoline sales declined over 10 percent during the first half of the year.

Taxable sales are estimated to remain relatively flat through 1986–87, held down by continued low gasoline prices, high consumer debt and new car sales which, while still strong, are estimated to be below

their current level. Moderately stronger growth is estimated for the budget year.

Existing law requires that a transfer be made from the Retail Sales Tax Fund to the Transportation Planning and Development (TP&D) Account based on a formula which compares the sales tax revenue received from taxing all items, including gasoline, at a 4¾ percent rate with the revenue that would have been received had the rate been 5 percent and gasoline sales were exempt. However, given the substantial decline in gasoline prices, this formula is estimated to yield a negative transfer during the current and budget years. Therefore, transfers will not be made.

Existing law also requires that in the event this formula yields less than \$110 million in the budget year, that the amount of revenue generated from the State sales tax on diesel fuel sales be transferred to the TP&D Account. This subsequent transfer is estimated to be \$55 million. However, the budget proposes that the TP&D be funded by a General Fund appropriation of \$18 million, \$27 million from Tidelands revenues; and \$10 million from the Petroleum Violation Escrow Account (PVEA).

Legislation enacted in 1986 (Chapter 214) established a mechanism

to stop sales tax evasion on the retail sales of gasoline by requiring distributors of motor vehicle fuel to collect sales tax prepayments from retailers. This measure is expected to increase 1986-87 State collections by \$6.1 million and 1987-88 collections by \$77.6 million.

Chapter 1515, also enacted in 1986, provided an exemption for certain printed advertising materials such as mail order catalogs. This measure is estimated to reduce 1986-87 State collections by \$3.3 million and 1987-88 collections by \$8 million.

"Taxable Sales" and "Taxable Sales Growth" are shown on Table 14-1 and Figure 14-2.

General Fund and TP&D revenue estimates are shown on Table 14-3.

**Bank and Corporation Tax—\$4,675,000.** Bank and Corporation tax revenues are actually derived from four taxes:

- The franchise tax and the corporation income tax are levied at a 9.6 percent rate on profits. The former is imposed on corporations for the privilege of doing business in California, while the latter is imposed on corporations which do not do business in the State, but which derive income from California sources. These are primarily firms engaged

wholly in interstate commerce and holding companies.

- Banks and other financial corporations pay an additional tax (i.e., "Bank Tax") on their net income. This tax is in lieu of all State and local taxes except those on real property, motor vehicles and business licenses. The current rate for this tax is approximately 1.3 percent.
- The preference tax is imposed on the following five types of income at 2.5 percent after allowing for a \$30,000 exemption: 1) amount of depreciation in excess of straight line, 2) excess bad debt deduction, 3) excess of percentage depletion over cost, 4) excess deductions for mining exploration and development costs and 5) excess deductions for circulation expenditures and research and development expenditures.
- A minimum franchise tax is imposed, which in most instances is \$200.

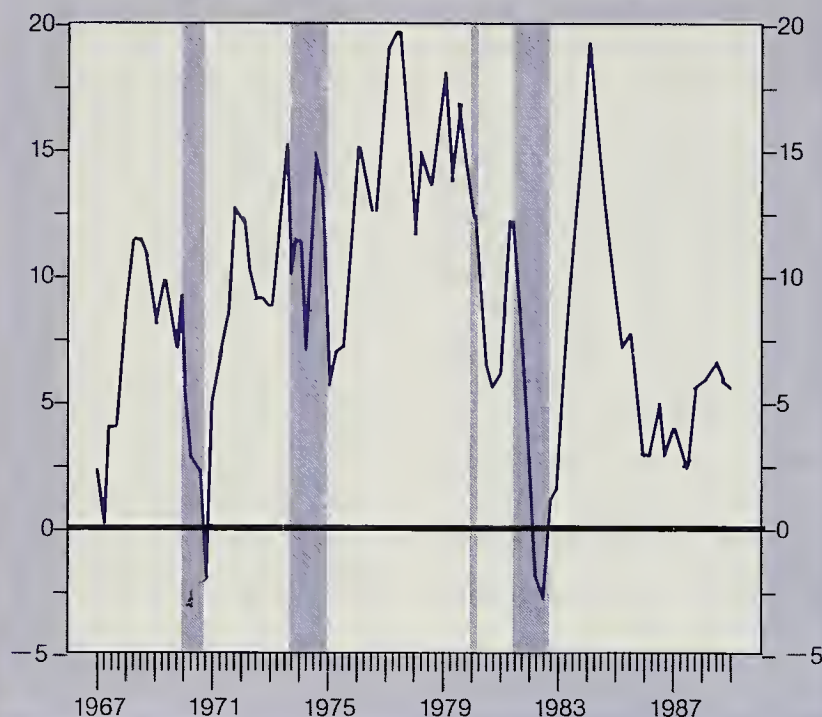
Since the tax is a function of corporate profits, the relationship of California profits to the national corporate profits forecast is important. However, the relationship is not precise because business activity in California may trend somewhat differently than for the nation. State tax law defines profits differently (e.g.,

**Table 14-1**  
**Taxable Sales in California**  
**(In Millions)**

	<i>1985 Actual</i>	<i>1986 Estimated</i>	<i>1987 Estimated</i>	<i>1988 Estimated</i>
Motor vehicle dealers, auto repairs and parts, etc. ....	\$35,236	\$37,400	\$37,800	\$40,070
Percent change. ....	9.9	6.1	1.1	6.0
Producers and refiners of petroleum, service stations, etc. ....	\$16,939	\$13,990	\$13,220	\$13,150
Percent change. ....	1.5	-17.4	-5.5	-0.5
Building materials including contractors. .	\$20,074	\$21,700	\$23,430	\$25,280
Percent change. ....	10.3	8.1	8.0	7.9
Manufacturing and services. ....	\$38,795	\$40,380	\$41,890	\$44,590
Percent change. ....	7.3	4.1	3.7	6.4
All other retail stores. ....	\$97,530	\$102,790	\$108,650	\$115,850
Percent Change. ....	7.3	5.4	5.7	6.6
Total Taxable Sales. ....	\$208,574	\$216,260	\$224,990	\$238,940
Percent Change. ....	7.5	3.7	4.0	6.2



**Figure 14-2**  
**TAXABLE SALES GROWTH**  
**YEAR-OVER-YEAR PERCENT CHANGE**



**Table 14-3**  
**Sales Tax Revenue**  
**(In Millions)**

	1985-86 Actual	1986-87 Estimated	1987-88 Estimated
General Fund	\$10,202	\$10,730	\$10,898
TP&D	116	0	0
Total	\$10,318	\$10,730	\$10,898

**Table 14-4**  
**Estimated Growth in National Corporate**  
**Profits and California**  
**Taxable Corporate Profits**

	Annual Percentage Change		
	1986	1987	1988
National Corporate Profits	+3.9	+10.4	+23.4
California Taxable Profits	+5.5	+12.0	+12.6

the treatment of certain depreciation) and national profits are the net of all gains and losses whereas Cal-

ifornia taxable profits are net gains only.

The 1986 forecast of California tax-

able profits is influenced by actual prepayment revenues and these indicate that California is currently experiencing stronger growth than the Nation. (Refer to Table 14-4)

Although a number of legislative bills were enacted during 1986, the net impact on revenues was minor. The one exception was SB 85 (Chapter 660, Statutes of 1986) which provided a "water's edge" election. This permits corporations to file tax returns based on their United States operations rather than their worldwide operations. Corporations choosing this option would be required to pay an election fee and are estimated to reduce revenues in the budget year by \$40 million. These provisions take effect in 1988.

The National Tax Reform Act of 1986, which was signed in October 1986, had no direct impact on California law. However, behavioral responses by taxpayers to the national law are expected to result in changes for State revenues. There will be both revenue increases and decreases with the net result being mostly a shift in cash between fiscal years.

Estimated revenues for the current and budget years, compared with actual collections in 1985-86, are:

(In millions)

1985-86 (actual)	\$3,843
1986-87 (estimated)	4,315
1987-88 (estimated)	4,675

#### **Insurance Tax—\$1,106,000,000.**

The majority of insurance written is subject to a 2.35 percent gross premium tax. This premium tax takes the place of all other State and local taxes except those on real property and motor vehicles. Exceptions to the 2.35 percent rate are certain pension and profitsharing plans which are taxed at the lesser rate of 0.50 percent; surplus lines at 3 percent and ocean marine insurers at 5 percent of underwriting profits.

Since 1983, the insurance industry has consistently maintained a double-digit annual growth rate and this is expected to continue in 1987-88. The most rapid growth appears in the liability lines, with

emphasis on all lines of commercial liability. This can be attributed to the large number of liability claims filed in recent years, resulting in higher premiums. An increase in court decisions awarding large monetary judgments to plaintiffs has also contributed to this above-average growth.

An annual survey conducted by the Department of Finance is used to project insurance premium growth. Responses were obtained from 135 insurance companies, accounting for over 51 percent of the insurance written in California. The results indicate that taxable premiums will total \$37.5 billion in 1986 (20 percent over 1985) and \$42 billion in 1987 (a 12 percent increase). Gross premiums for liability other than auto and all commercial liability are expected to increase in 1986 and 1987 by 35.8 percent and 23.7 percent, respectively. Other major lines, such as workers' compensation, life, fire and allied lines, will experience growth in the 6 to 25 percent range, with disability, fidelity and surety and annuities remaining the same or declining slightly.

On the basis of steady growth in premiums since 1983 and the projections of strong sustained growth in 1987, 1986-87 and 1987-88 fiscal year revenues are expected to reflect above-average growth. The estimated tax for the current and budget years, compared with actual revenue for 1985-86, is:

(In thousands)

1985-86 (actual)	\$839,939
1986-87 (estimated)	993,000
1987-88 (estimated)	1,106,000

**Estate/Inheritance/Gift Taxes—\$367,000,000.** Proposition 6, adopt-

ed by the voters on June 8, 1982, repealed the inheritance and gift taxes and imposed an estate tax designed to pick up the maximum credit allowed against the federal estate tax, otherwise known as the "pick-up tax." This tax does not increase the liability of the estate due to the fact that it would otherwise be paid to the federal government. As a result, the date of death of the decedent or the date a gift is made determines which tax laws prevail. For State tax purposes, the former inheritance and gift taxes apply to deaths and gifts occurring prior to June 8, 1982, whereas transfers attributable to deaths on or after that date would only be subject to the federal credit. The "pick-up tax" is computed on the basis of the federal "taxable estate." Tax rates range from 0.8 percent to 16.0 percent.

Unusually large estate tax payments, in the amount of \$49 million, were made during the 1985-86 year. It is anticipated that there will be \$54 million in large estate tax payments made during 1986-87. To date, \$37 million in payments from large estates has been recorded. Except for a \$75 million payment due on January 1, 1988, no other large inheritance tax payments are expected in subsequent years.

The inheritance, estate and gift revenue forecast has three parts: estate tax, inheritance tax and gift tax. Estimates of these three components, as well as actual revenue collections, are shown in Table 14-5.

**Cigarette Tax—\$180,000,000.** A tax of 10 cents per package of cigarettes is imposed on distributors selling cigarettes in this State. Thirty percent of the revenue is allocated to

local governments with the remaining 70 percent going to the General Fund. Cigars and other tobacco products are not subject to a tobacco tax.

Projections of total and per capita consumption of cigarettes provide the basis for the cigarette tax estimate. Per capita consumption has been on the decline in recent years and this decline is expected to continue through the budget period. Per capita consumption in 1986-87 is expected to decrease 2.5 percent from 1985-86 and drop another 1.7 percent in 1987-88. The decline in per capita consumption is offset by the increase in the population resulting in the same total consumption for the current and budget years.

Taxable distributions of cigarettes in 1985-86 amounted to 2.61 billion packs; 2.59 billion packs are projected for 1986-87 and 2.59 billion packs for 1987-88. Per capita consumption of cigarettes is illustrated in Figure 14-6. Cigarette tax revenue estimates are shown in Table 14-7.

#### **Horse Racing Revenue—**

**\$116,000,000.** Horse racing revenue comes primarily from license fees imposed on amounts wagered. The license fee revenue schedule is based upon many factors, including type of horse racing, the total amount wagered, the location of the track and the type of wager. Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed parimutuel tickets, occupational license fees, fines and penalties.

Chapter 1284, Statutes of 1986 (SB 1499), increased the number of fairs that are eligible to operate satellite wagering facilities. It is estimated that this will bring in an additional \$2 million in the Fair and Exposition Fund when all of the wagering facilities are in full operation.

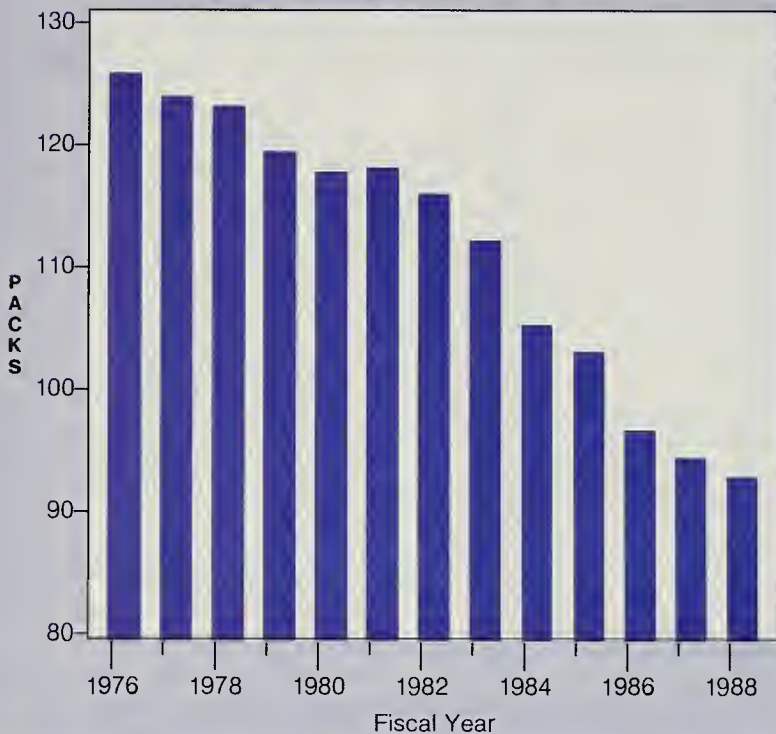
Chapter 1285, Statutes of 1986 (AB 604), increased the racing weeks for thoroughbreds in the Northern Zone. It is anticipated that this will generate \$1.3 million in additional revenue for the General Fund.

**Table 14-5  
Inheritance, Estate and  
Gift Revenue  
(In Thousands)**

	<i>1985-86 Actual</i>	<i>1986-87 Estimated</i>	<i>1987-88 Estimated</i>
Inheritance tax	\$44,542	\$30,000	\$100,000
Estate tax	207,022	239,000	266,000
Gift tax	1,247	1,000	1,000
Total	\$252,811	\$270,000	\$367,000



**Figure 14-6**  
**Cigarette Consumption Per Capita**



**Table 14-7**  
**Cigarette Tax Revenue**  
**(In Thousands)**

	1985-86 Actual	1986-87 Estimate	1987-88 Estimate
General Fund	\$181,252	\$180,000	\$180,000
Cigarette Fund	80,879	77,000	77,000
Total	\$262,131	\$257,000	\$257,000

**Table 14-8**  
**Horse Racing Revenue**  
**(In Thousands)**

	1985-86 Actual	1986-87 Estimated	1987-88 Estimated
Amount wagered	\$2,169,434	\$2,174,603	\$2,182,539
Receipts:			
General Fund	\$111,933	\$114,000	\$116,000
Fairs & Exposition Fund	22,916	25,717	26,531
Other	3,680	3,890	4,150
Total revenue	\$138,529	\$143,607	\$146,681

Table 14-8 provides information on total parimutuel pools and receipts from horse racing during the budget period:

#### **Alcoholic Beverage Taxes—**

**\$133,600,000.** Taxes on alcoholic beverages are levied on the sale of distilled spirits, beer and wine. Tax rates vary with the type of alcoholic beverage, as indicated below:

Beer	\$0.04 per gallon
Dry wine	\$0.01 per gallon
Sweet wine	\$0.02 per gallon
Sparkling wine	\$0.30 per gallon
Distilled spirits	\$2.00 per gallon

Alcoholic beverage tax estimates are based on projections of total and per capita consumption for each type of beverage.

Over the last five years, consumption of dry wine and sparkling wine has generally increased. Sweet wine has been declining but leveled off last year and is expected to remain flat in 1987-88. The per capita consumption of beer is declining but the increase in population will keep total beer consumption flat. The total consumption of distilled spirits has been declining since 1981 but is expected to flatten over the next several years.

Estimated revenues for the current and budget years, compared with actual revenue for 1985-86, is shown in Table 14-10.

#### **Special Fund Revenue**

The California Constitution, codes and statutes specify the uses of certain revenue. Such receipts are accounted for in various special funds. In general, Special Fund revenues comprise three categories of income:

- Receipts from tax levies which are allocated to specified functions, such as motor vehicle taxes and fees.
- Charges for special services to specific functions, including such items as business and profession license fees.
- Rental royalties and other receipts designated for particular purposes—for example, oil and gas royalties.

Motor vehicle-related taxes and fees account for 69 percent of all Special Fund revenue. Principal sources of this income are motor vehicle fuel taxes, registration and weight fees, and vehicle license fees. During the 1987-88 fiscal year, \$4.2 billion will be derived from the ownership or operation of motor vehicles. Approximately \$2.4 billion of this revenue will be returned to local governments. The remainder will be available for various State programs related to transportation and services to vehicle owners.

Thirty percent of the cigarette tax revenue is deposited in a special fund for distribution to cities and counties. In 1987-88, receipts for

this fund are estimated at \$77 million.

#### **Motor Vehicle Fees—**

**\$2,941,800,000.** Motor vehicle fees consist of vehicle license, registration, weight, drivers' license fees and various other charges related to vehicle operation.

The vehicle license fee is imposed for the privilege of operating a vehicle on the public highways in California. This tax is imposed in-lieu of a local personal property tax on automobiles and is administered by the Department of Motor Vehicles. All of the revenues from this tax, excluding administrative costs, are apportioned to local governments for general purpose use.

The vehicle license fee is calculated

on the vehicle's "market value," which is the cost to the purchaser exclusive of sales tax, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on a 10-year depreciation period; an 18-year depreciation period is used for trailer coaches. A 2 percent rate is applied to the depreciated value to determine the fee. Revenue from this source is contingent on the number of vehicles in the State, the ages of those vehicles and their original prices.

The average market value of new vehicles has risen dramatically to a 1988 estimated value of \$15,000, almost triple the 1976 value of \$5,400. Additionally, it appears that the large volume of new vehicle sales over the past years has not adversely impacted the renewal vehicle base, suggesting that individuals are keeping their older cars as well as buying new ones.

Combined, these factors led to an actual vehicle license fee revenue increase of 22.4 percent during 1985-86. Future growth is estimated at 10.9 percent for 1986-87 and 12.1 percent for 1987-88.

Registration fees are levied at a flat rate on all motor vehicles, trailers, semi-trailers and certain types of dollies. Trucks and trailers are also subject to weight fees.

New automobile sales are estimated to total a record 1,405,000 units during calendar year 1986, up 10.8 percent from the prior year. However, it is estimated that this level was achieved by "borrowing" from the future to some extent due to dealer financing incentives and federal tax reform which eliminates the deduction of sales tax. Therefore, 1987 sales, while still strong, are estimated to decline 9 percent to 1,278,000 units; picking up again in 1988 to 1,363,000 units.

Allowing for scrappage and for vehicles entering and leaving the State, total fee-paid registrations (autos, trucks, trailers and motorcycles) at year-end are estimated at 21,435,000 for 1986, 22,013,000 for 1987, and 22,640,000 for 1988.

**Table 14-9  
Per Capita Consumption  
(In Gallons)**

	<i>1985-86 Actual</i>	<i>1986-87 Estimated</i>	<i>1987-88 Estimated</i>
Beer	23.26	23.11	22.78
Dry wine	3.89	3.98	3.94
Sweet wine	.29	.29	.29
Sparkling wine	.41	.41	.41
Distilled spirits	1.91	1.92	1.89

**Table 14-10  
Beer, Wine and Distilled Spirits  
Revenue  
(In Thousands)**

	<i>1985-86 Actual</i>	<i>1986-87 Estimated</i>	<i>1987-88 Estimated</i>
Beer and wine	\$29,892	\$29,600	\$29,600
Distilled spirits	102,369	104,000	104,000
Total	\$132,261	\$133,600	\$133,600

**Table 14-11  
Motor Vehicle Fees  
Revenue  
(In Thousands)**

	<i>1985-86 Actual</i>	<i>1986-87 Estimated</i>	<i>1987-88 Estimated</i>
Vehicle License Fees	\$1,521,845	\$1,687,700	\$1,891,200
Registration, Weight, & Other Fees	998,009	1,012,400	1,050,600
Total	\$2,519,854	\$2,700,100	\$2,941,800



Chapter 693, Statutes of 1986, established a mechanism to allocate vehicle license, registration and weight fees deposited in the Department of Motor Vehicles' Uncleared Collection Account for more than one year to their appropriate account. It is estimated that this measure will increase 1987-88 Vehicle License Fee Account revenues by \$5.5 million, Motor Vehicle Account revenues by \$3.3 million and State Highway Account revenues by \$1.2 million.

Total revenues from motor vehicle fees, including the effects of legislative changes, are illustrated in the Table 14-11.

**Motor Vehicle Fuel Taxes—\$1,251,890,000.** The motor vehicle fuel license tax (gasoline) and the use fuel tax (diesel) provide the major sources of funds for maintaining, replacing and constructing State highway and transportation facilities. Roughly one-half of these revenues are apportioned to local jurisdictions for streets and highway use.

The gas tax is imposed on the distribution of gasoline and other flammable liquids. Distributions of diesel fuel, liquid petroleum gas (LPG), alcohol fuel and kerosene are not included under this tax. The current tax rate for motor vehicle fuel is 9 cents per gallon. Aircraft jet fuel is taxed at 2 cents per gallon.

The use fuel tax is imposed on diesel fuel, LPG, natural gas and alcohol fuel for use on State highways. The current tax rates are 9 cents per gallon of motor vehicle fuel, 7 cents per 100 cubic feet of compressed natural gas, 6 cents per gallon of LPG or liquid natural gas and 4.5 cents per gallon of alcohol fuel. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay 1 cent per gallon.

Gasoline consumption, and subsequent revenues, are very sensitive to the retail price of fuel. As of November 1986, the average retail price of gasoline had dropped to \$.72 per gallon, down almost 50

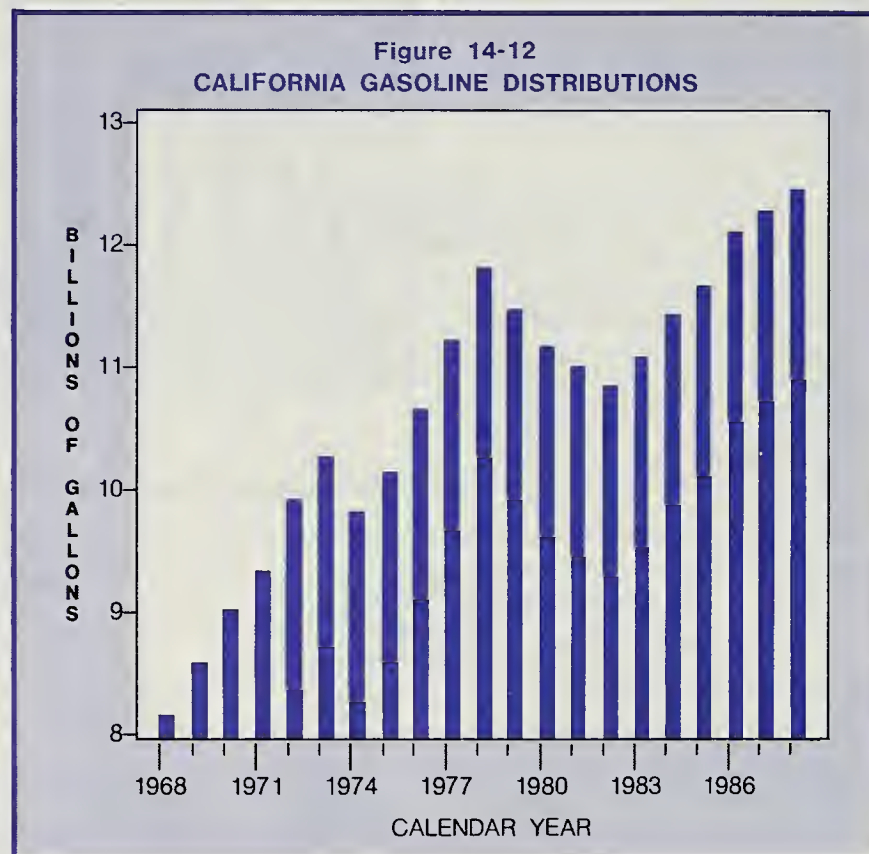
percent from the high of \$1.40 per gallon recorded in late 1981 and returning to the price level of the late 1970s. The impact of these price swings on gasoline consumption can be clearly seen on Figure 14-12 "California Gasoline Distributions."

The growth in gasoline consumption has also been impacted by more fuel-efficient cars and the high volume of new vehicle sales. Consumption per vehicle in 1986 is projected at 565 gallons, down substantially from an average

consumption level of 664 gallons in 1978.

Highway consumption of diesel fuel is estimated by projecting the trend of past distributions with adjustments to reflect changes in the economy. Consumption of diesel fuel is expected to increase 4.6 percent in 1986-87 and 5.1 percent in 1987-88.

Motor Vehicle Fuel Tax revenue is illustrated in the Table 14-13.



<b>Table 14-13 Motor Vehicle Fuel Tax Revenue (In Thousands)</b>			
	1985-86 Actual	1986-87 Estimated	1987-88 Estimated
Gasoline	\$1,062,620	\$1,100,890	\$1,107,890
Diesel	130,968	137,000	144,000
Totals	\$1,193,588	\$1,237,890	\$1,251,890

## Long Range and Alternate Revenue

Alternate revenue forecasts are provided for the current and budget year for the General Fund. These provide a sense as to the potential variation of the forecasts. Alternative

forecasts are not provided for the special funds because they tend to generally be more stable.

The long range forecasts are based on an extension of the standard economic forecast. The special funds revenue during 1988-89 and 1989-90 are \$6.5 billion and \$6.9 billion, respectively. The General Fund forecasts are contained in Table 14-14.

**Table 14-14**  
**General Fund Alternate and Long Range**  
**Revenue Forecasts**  
**(In Millions)**

<i>Fiscal Year</i>	<i>High Alternative</i>	<i>Budget Estimate</i>	<i>Low Alternative</i>
1986-87 ..	\$31,400	\$30,765	\$29,390
1987-88 ..	33,360	31,742	29,560
1988-89 ..	—	33,700	—
1989-90 ..	—	36,200	—



## Summary Tax Data

The following Tables provide historical information on state tax collections and an outline of the current state tax system.

**Table 14-15**  
**Summary of State Tax Collections**  
**(Excludes Departmental, Interest and Miscellaneous Revenue)**

	<i>Per Capita Personal Income</i> <sup>1 2</sup>	<i>State Tax Collections (Millions)</i>		<i>Taxes per Capita</i> <sup>1</sup>		<i>Taxes per \$100 of Personal Income</i> <sup>3</sup>	
		<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>
1967-68.....	3,689	\$3,558	\$4,676	185.53	243.85	5.03	6.61
1968-69.....	3,987	3,963	5,173	203.92	266.19	5.11	6.68
1969-70.....	4,488	4,126	5,409	208.94	273.94	4.66	6.10
1970-71.....	4,748	4,290	5,599	214.10	279.39	4.51	5.88
1971-72.....	4,960	5,213	6,599	256.20	324.32	5.17	6.54
1972-73.....	5,357	5,758	7,229	279.73	351.19	5.22	6.56
1973-74.....	5,832	6,379	7,877	305.71	377.47	5.24	6.47
1974-75.....	6,428	8,045	9,574	379.96	452.20	5.91	7.03
1975-76.....	6,942	9,069	10,710	421.08	497.29	6.07	7.16
1976-77.....	7,631	10,781	12,525	413.44	571.00	5.42	7.48
1977-78.....	8,355	12,952	14,826	579.49	663.37	6.94	7.94
1978-79.....	9,388	14,188	16,201	621.20	709.37	6.62	7.56
1979-80.....	10,500	16,860	19,057	725.01	819.50	6.90	7.80
1980-81.....	11,590	17,808	20,000	749.15	841.36	6.46	7.26
1981-82.....	12,702	19,109	21,556	787.51	888.36	6.20	7.00
1982-83.....	13,235	19,579	22,375	789.92	902.73	5.97	6.82
1983-84.....	13,984	22,309	25,685	881.39	1,014.78	6.30	7.26
1984-85.....	15,155	25,515	29,038	989.14	1,125.72	6.53	7.43
1985-86.....	16,065	26,982	30,916	1,023.40	1,172.62	6.37	7.30
1986-87 †.....	16,871	29,536	33,577	1,099.10	1,249.47	6.51	7.41
1987-88 †.....	17,577	30,676	35,461	1,121.08	1,295.95	6.38	7.37

<sup>1</sup> Per Capita computations are based on July 1 populations estimates.

<sup>2</sup> Personal income data is on a calendar year basis (e.g., 1967 for FY 1967-68) and the data prior to 1969 are not comparable.

<sup>3</sup> Taxes per \$100 of personal income computed using calendar year personal income e.g. 1967 income related to 1967-68 tax collections.

† Estimated.

**Table 14-16**  
**Comparative Yield of State Taxes, 1967-68 through 1987-88**  
**(In thousands)**

<i>Year</i>			<i>Bank and</i>		<i>Estate</i>							
<i>Ending</i>	<i>Sales</i>	<i>Personal</i>	<i>Corpora-</i>	<i>Cig-</i>	<i>Inheritance</i>	<i>Insur-</i>	<i>Distilled</i>	<i>Horse</i>	<i>Beer</i>	<i>Motor</i>	<i>Vehicle</i>	<i>Vehicle</i>
<i>June 30</i>	<i>and Use</i>	<i>Income</i>	<i>tion</i> <sup>1</sup>	<i>arette</i>	<i>and Gift</i> <sup>2</sup>	<i>ance</i>	<i>Spirits</i>	<i>Racing</i>	<i>and Wine</i>	<i>Fuel</i> <sup>3</sup>		<i>Fees</i> <sup>4</sup>
1968 .....	\$1,464,927	\$952,487	\$576,874	\$219,272	\$135,554	\$121,155	\$81,700	\$54,799	\$13,196	\$580,487		\$437,918
1969 .....	1,652,979	1,101,691	592,303	237,328	158,815	130,312	85,494	59,839	14,118	625,667		469,655
1970 .....	1,753,611	1,152,053	587,013	236,878	104,299	136,733	89,793	58,244	16,115	668,537		498,982
1971 .....	1,808,052	1,264,383	532,091	239,721	185,699	158,423	90,765	64,601	15,791	674,635		513,201
1972 .....	2,015,993	1,785,618	662,522	247,424	220,192	170,179	94,717	69,380	17,374	712,426		547,844
1973 .....	2,198,523	1,884,058	866,117	253,602	260,119	179,674	96,907	72,693	17,977	746,196		596,922
1974 .....	2,675,738	1,831,964	1,057,191	258,921	231,934	201,697	100,554	78,289	18,758	742,702		644,448
1975 .....	3,376,153	2,581,584	1,253,673	261,975	242,627	202,991	100,856	86,637	19,893	752,234		664,453
1976 .....	3,742,524	3,089,963	1,286,515	268,610	316,648	241,224	104,697	96,117	20,616	766,555		749,936
1977 .....	4,313,909	3,761,356	1,1641,500	269,384	367,964	322,476	105,275	102,702	22,210	810,321		807,782
1978 .....	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	109,088	111,591	22,972	850,181		924,411
1979 .....	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	114,922	113,253	25,137	896,591		1,021,857
1980 .....	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	112,757	127,635	26,183	852,751		1,096,640
1981 .....	7,131,429	6,628,694	2,730,624	278,161	530,180	460,926	115,191	129,779	27,669	839,995		1,127,293
1982 .....	7,689,023	7,493,005	2,648,735	276,824	495,251	484,196	111,151	123,626	28,372	833,347		1,372,556
1983 .....	7,795,488	7,712,691	2,536,011	271,621	517,875	736,929	108,519	123,398	27,690	928,633		1,624,736
1984 .....	8,797,865	9,297,451	3,231,281	263,231	236,452	457,489	107,983	144,219	29,450	1,213,200		1,906,852
1985 .....	9,797,564	10,805,734	3,664,593	263,327	296,805	643,139	105,958	140,577	29,828	1,159,700		2,140,562
1986 .....	10,317,930	11,418,720	3,843,024	262,133	252,810	839,939	102,369	138,529	29,892	1,193,588		2,519,854
1987† .....	10,730,000	12,800,000	4,315,000	257,000	270,000	993,000	104,000	143,607	29,600	1,237,890		2,700,100
1988† .....	11,375,000	13,200,000	4,685,000	257,000	367,000	1,106,000	104,000	146,681	29,600	1,251,890		2,941,800

<sup>1</sup> Includes the corporation income tax.

<sup>2</sup> Proposition 6 repealed the inheritance and gift taxes and imposed an estate tax equal to the maximum allowable. Federal estate tax credit effective for decedents dying on or after June 8, 1982.

<sup>3</sup> Motor vehicle fuel tax (gasoline), use fuel tax (diesel) and liquefied petroleum gas.

<sup>4</sup> Registration and weight fees, motor vehicle license fees and other fees.

† Estimated.



**Table 14-17**  
**Outline of State Tax System as of January 1, 1987**

<i>Major Taxes and Fees</i>	<i>Base or Measure</i>	<i>Rate</i>	<i>Administering Agency</i>	<i>Fund</i>
Alcoholic Beverage Excises:				
Beer .....	Gallon.....	\$0.04	Equalization (1) .....	General
Distilled spirits .....	Gallon.....	2.00	Equalization .....	General
Wine:				
Dry .....	Gallon.....	.01	Equalization .....	General
Sweet .....	Gallon.....	.02	Equalization .....	General
Sparkling.....	Gallon.....	.30	Equalization .....	General
Sparkling hard cider.....	Gallon.....	.02	Equalization .....	General
Bank and Corporation:				
General corporations.....	Net income.....	9.6% (2)	Franchise (3) ...	General
Banks and financial corporations .....	Net income.....	12.0% Max.	Franchise .....	General
Cigarette.....	Package.....	\$0.10 (4)	Equalization .....	General (5)
Energy Resources Surcharge ..	Kilowatt hours.....	\$0.0002	Equalization .....	Energy Resources Surcharge Fund
Horse Racing License .....	Amt. wagered .....	1.0-12.78%	Horse Racing ...	Fair and Expo.
	Breakage .....	0-100%		(6) Wildlife Restoration and General
Estate.....	Taxable Federal estate.	0.8-16%	Controller.....	General
Insurance .....	Gross Premiums.....	2.35% (7)	Insurance Dept. ....	General
Liquor license fees.....	Type of license .....	Various	Alcoholic Bev- erage Control ...	General
Motor Vehicle:				
Vehicle license fees .....	Market value .....	2%	Motor Vehicle Dept .....	Motor Vehicle License Fee (8)
Fuel—gasoline .....	Gallon.....	\$0.09	Equalization .....	Motor Vehicle Fuel (9)
Fuel—diesel.....	Gallon.....	.09	Equalization .....	Motor Vehicle Fuel
Registration fees.....	Vehicle .....	\$23.00	Motor Vehicle Dept .....	Motor Veh. (10)
Weight fees .....	Unladen weight.....	Various	Motor Vehicle Dept .....	State Highway (11)
Personal Income.....	Taxable income.....	1-11%	Franchise .....	General
Preference Income:				
Bank and corporation.....	Preference income over \$30,000 .....	2.5%	Franchise .....	General
Personal .....	Preference income over \$4,000 (single), \$8,000 (joint, head of house- hold, or surviving spouse) .....	0.5-5.5%	Franchise .....	General
Private Railroad Car.....	Valuation.....	(12)	Equalization .....	General
Retail Sales and Use.....	Receipts from sales or lease of taxable items..	4.75%	Equalization .....	General

(1) State Board of Equalization.

(2) Minimum Tax \$200 per year.

(3) Franchise Tax Board.

(4) This tax is levied at the rate of 5 mills per cigarette.

(5) 30 percent of the cigarette tax is remitted to local jurisdictions.

(6) For support of county fairs and other activities.

(7) Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans and surplus lines.

(8) For return to cities and counties.

(9) For administrative expenses and apportionment to State, counties and cities for highways, airports and small craft harbors.

(10) For support of State Department of Motor Vehicles, California Highway Patrol, other agencies and motor vehicle related programs.

(11) For state highways and State Department of Motor Vehicles administrative expense.

(12) Average property tax rate in the State during preceding year.

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# Tax Expenditures

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The Department of Finance has been required to produce a tax expenditure report since 1971 (Chapter 1762, Statutes of 1971). More recently this has been amended by Chapter 268, Statutes of 1984 to require the Department to provide the Legislature with a report every year. This report fulfills this requirement.

## Definitions

A tax expenditure is defined as a revenue loss which occurs as a result of a special provision in the tax laws. Such revenue losses are similar to payments made by the government except that they are accomplished through the tax system rather than the annual legislative appropriation process.

The definition of tax expenditure is critical since it will affect which tax provisions are identified as "expenditures" and the total amount of such "expenditures."

Tax expenditures are any special provisions which deviate from the "basic tax structure" and which result in a revenue loss. Such a proposition leads to a rather broad-ranging identification of tax expenditures. To illustrate definition variations, property tax exemptions required by the Constitution are viewed as part of the law-of-the-land rather than tax expenditures. At the same time, property tax exemptions adopted by the Legislature deviate from the basic structure and qualify as tax expenditures.

In preparing this report the Department of Finance defines tax expenditures as those expenditures, including narrowly focused deductions or exclusions, that are only

available to a select group of taxpayers.

## Review of Tax Expenditures

Tax expenditure programs are not part of the normal appropriation process and require only a simple majority vote for passage. Often there is no control over the amount of foregone revenue which results from a tax expenditure. In the past, tax expenditures have not been reviewed unless they have received unfavorable publicity. It is estimated that less than 15 percent of existing tax expenditures have "sunset" dates. This previous lack of periodic review may partially explain why relatively few tax expenditures are repealed (Table 15-1) as compared with the number enacted (Table 15-2).

Assembly Concurrent Resolution 17 of the 1985 Session directs the Legislative Analyst to establish a review process and provide a report to the Legislature biennially which analyzes current tax exceptions. The focus of this analysis should be the merits of tax expenditures with respect to the goals and objectives of the State.

## Identifiable Tax Expenditures

Tables 15-3 and 15-4 list the revenue losses which result from the principal tax expenditures for which estimates are possible.

**Personal Income Tax.** The personal income tax accounts for the majority of all tax expenditures. For 1987-88 it is estimated that special income tax provisions alone will account for \$7.5 billion of tax expenditures.

**Sales and Use Tax.** The sales and use tax law contains identifiable tax expenditures of approximately \$900 million. Examples of these in-



clude candy, leases of motion pictures and custom computer programs.

**Local Revenue Losses.** Table 15-4 lists the local government revenue losses from many of the principal exemptions or preferential provisions of property tax law. While a few of the exemptions are not technically tax expenditures since they are required by the State Constitution, they are included to provide a more accurate picture of revenue losses resulting from special tax provisions.

Property taxes are, of course, local taxes and the legislative exemptions or preferential provisions do not constitute State tax expenditures. Nonetheless, they impact State finances. This occurs because local tax expenditures reduce property tax allocations to schools and the State is generally required under current school finance law to provide the difference in funding between local property tax allocations and school districts' revenue limits.

Consequently, each dollar of property tax revenue foregone by schools results in an additional dollar of State funding through the school apportionment process. A number of property tax exemptions result in State subventions to local governments other than school entities in order to make up some or all of their revenue losses. Examples include tax relief for homeowners and senior citizens.

Local government revenue losses from sales tax expenditures for 1987-88 are estimated at \$237 million, while losses from identifiable property tax expenditures are estimated at \$115 million.

### **Undefinable Revenue Loss Areas**

In a number of particular sales and property tax areas, revenue loss estimates are relatively minor or have unknown revenue impact. These include sales tax expenditures for livestock, meals furnished by institutions and certain retailers which are defined in law as consumers rather

than retailers and thus receive special treatment under the sales tax law. The principal property tax exemptions in this category include those for most of the real and personal property of federal, State and local agencies, non-profit cemeteries, growing crops, young fruit and nut trees, grapevines, free museums and libraries, and works of art under certain conditions.

**Table 15-1**  
**State Tax Expenditures Eliminated Since 1981**  
**(\$ Thousands)**

<i><b>Year</b></i>	<i><b>Chapter</b></i>	<i><b>Description</b></i>	<i><b>1st Full Year Savings</b></i>
1982		Personal income tax	
	502	Restrict gas tax deduction .....	\$9,400
	1525	Phase out gas tax deduction (no net revenue gain until 1984-85) .....	20,000
1983		Personal income tax	
	323	Medical deduction—Federal conformity .....	65,000
	498	Casualty deduction—Federal conformity .....	40,000
	323	Reduces energy and solar tax credits .....	37,000
	323	Repeals gas tax deduction .....	5,000
	488	Metal finishers pollution control credit .....	750
		Sales and use tax	
	323	Repeals home video rental exemption .....	17,000
	323	Modifies vending machine exemption .....	16,000
1984		Personal income tax	
	1563	Ridesharing .....	1,000
		Sales and use tax	
		Gasohol exemption expired .....	12,000
1985		Personal income tax	
	108	Energy credit reductions .....	105,000
	159	Federal conformity of withholding .....	1,000
	1460	Aging, designation of contributions on income tax returns .....	86
		Employer provided educational assistance .....	N.A.
		Group legal services .....	N.A.
		Bank and Corporation Tax	
	108	Energy credit reductions .....	4,000
	13	Federal conformity, treatment of corporate reorganization .....	100
		Sales and use tax	
	1446	Taxation of firm making commercial advertisements .....	12,500
1986		Sales and use tax	
	1468	Exemption for diesel fuel in commercial fishing .....	1,000
		Personal income tax	
		Charitable contributions for nonitemizers .....	30,000



**Table 15-2**  
**Major State Tax Expenditures Enacted Since 1981**  
**(\$ Thousands)**

<i>Year Enacted</i>	<i>Chapter</i>	<i>Description</i>	<i>1st Full Year State Cost</i>
1981		Personal income tax:	
	844	Ridesharing tax credit.....	\$500
	1085	Credit for conversion to alcohol fuel.....	500
	1050	Solar and energy conservation credit .....	50
		Bank and corporation tax:	
	844	Ridesharing tax credit.....	2,200
	1085	Credit for conversion to alcohol fuel.....	500
	1050	Solar and energy conservation credit .....	50
		Inheritance and gift taxes:	
	5	Preferential interest rate on delinquent accounts.....	60,000
1982		Personal income tax	
	1525	IRA interest exemption .....	20,000
	1454	Federal conformity.....	6,400
	1558	Exemption for excess value of employee stock options (net revenue cost) ..	2,900
	25	Ridesharing income exclusion.....	1,000
	376	Special treatment for losses .....	1,000
		Sales and use tax:	
	1530	Extends various medical exemptions .....	10,100
	951	Master tapes exemption.....	5,500
	1274	Custom computer programming exemption.....	4,800
	1423	Oxygen exemption .....	100
	301	X-Ray film, special treatment .....	40
		Motor vehicle fuel tax	
	1500	Partial exemption for handicapped services.....	100
		Motor vehicle fees:	
	46	Exempts ridesharing vehicles.....	64
1983		Personal income tax	
	959	Small business net operating loss carryover.....	2,148
	959	Bank and corporation tax	
		Small business net operating loss carryover.....	6,252
	1161	Hi-tech charitable contributions to correctional facilities.....	200
	231	Agricultural products donation.....	100
	344	Scientific property donated to higher education.....	100
	1321	Sales and use tax	
		Extends partial gasohol exemption .....	12,000
	1050	Cargo containers .....	1,000
1984		Personal income tax	
	1699	ACRS depreciation for new rental housing .....	20,000
	45	Investments in enterprise zones .....	1,000
	44	Incentives for businesses in enterprise zones.....	1,000
	1512	Metal finishers pollution control equipment credit.....	750
	1550	Interest exemption for energy authority bonds.....	50
	853	Deductions for remodeling for elderly or handicapped .....	50
	1467	Death while serving in combat zone .....	50
	1708	Donations for agricultural products .....	50
		Bank and corporation tax	
	1563	Ridesharing .....	3,000
	45	Investments in enterprise zones .....	1,000
	44	Incentives for businesses in enterprise zones.....	1,000
	1708	Donations of agricultural products .....	100
		Sales and use tax	
	1511	Exemption for mass commuting vehicles .....	5,500
	1468	Exemption for diesel fuel in commercial fishing .....	7,500
	& 445		
	1576	Exemption for auditory devices.....	750
	786	Expands exemption for bottled water.....	131
	1450	Exemption for oxygen delivery systems .....	143
		Motor vehicles fuel taxes	
	1663	Reduces tax for diesel fuel used by school districts.....	1,068

(continued)

**Table 15-2—Continued**  
**Major State Tax Expenditures Enacted Since 1981**  
**(\$ Thousands)**

<i>Year Enacted</i>	<i>Chapter</i>	<i>Description</i>	<i>1st Full Year State Cost</i>
1985		Personal income tax	
	1573	Gain or loss recognition.....	5,000
	16	Incentive stock options.....	1,000
	1308	Contributions.....	1,000
	1190	Charitable contributions of artists.....	1,000
	13	Federal conformity.....	400
	1389	IRA deductions for alimony.....	250
	546	Deductions for checkoffs.....	130
		Exemption of Lottery winnings.....	36
		Bank and corporation tax	
	1309	Contributions.....	2,500
	1308	Contributions.....	1,000
	1423	Contributions to higher education.....	1,000
		Sales and use tax	
	838	Waterborne vessels exemption.....	1,800
	1197	Food exemptions.....	400
	1084	Producers of hay, sale of other property exclusion.....	400
	1153	Youth organizations exemption.....	400
	1585	Veterinary drug and medicine exemption.....	400
	1045	Packing ice exemption.....	158
	1424	Vending machines exemption.....	147
	1220	Use fuel tax prepayments repealed.....	140
1986		Personal income tax:	
	925	Income taxes: Interest.....	50
	1156	Interest exemption for state and local bonds.....	500
	779	Income tax exclusion for national guard.....	10
	54	Farming business net loss carryover.....	5,000
	1087	Continues jobs tax credits.....	175
	1444	Ridesharing tax credit.....	300
	1290	Tax exemption for recycling income.....	N.A.
		Bank and corporation tax:	
	54	Farming business net loss carryover.....	1,000
	324	Clean-up bill.....	300
	1087	Continues jobs tax credits.....	675
	1444	Ridesharing tax credit.....	875
		Sales and use tax:	
	715	Exemption for trailers with one-trip permits.....	200
	967	Youth organizations exemption.....	200
	254	Exemption for fuel sources.....	1,400
	1270	Exemption for aero-space museum.....	400
	1515	Exemption for special order printing.....	3,333
		Motor vehicle fuel tax:	
	216	Reduces tax for fuel used by school districts.....	1
	510	Partial fuel tax exemption for tour buses.....	45



**Table 15-3**  
**Identifiable State Tax Expenditures**  
**1987-88**  
**(In Millions)**  
**Personal Income Tax**

Employer contributions to pension plans.....	\$2,058
Employer contributions to health plans.....	925
Interest expense (nonmortgage) .....	856
Capital gains exclusion.....	770
Property, sales, and vehicle taxes.....	693
Charitable contributions .....	585
Social security and railroad retirement income.....	520
Deferral of capital gains on home sales.....	183
Compensation for injuries or sickness.....	147
Capital gains at death.....	133
IRA and self-employed retirement plans.....	110
Employer contributions to life insurance.....	76
Exclusion of capital gains on residences for persons aged 55 and over.....	61
Unemployment insurance benefits.....	52
Interest on government bonds (State and Local) .....	50
Solar energy credit.....	45
Accelerated depreciation.....	41
Exemption for lottery winnings .....	36
Child care credit.....	32
Meals and lodging furnished by employer (other than military) .....	32
Exclusion of scholarship/fellowship income.....	29
Moving expense.....	28
Senior citizen exclusion.....	28
Percentage depletion .....	25
Low income credit.....	16
Energy conservation credit.....	15
Credit for the elderly .....	9
Military exclusion .....	7
Timber valuation of capital gains .....	5
Employer death benefits.....	3
Expensing of certain agriculture costs.....	3
Political contribution.....	2
Total.....	<u>\$7,575</u>

**Sales and Use Tax**

Vessels and aircraft.....	\$386
Cargo and returnable containers .....	207
Candy.....	80
Custom computer programs.....	49
Newspapers and periodicals .....	48
Leases of motion pictures.....	38
Option to pay on cost rather than rental receipts.....	29
Bottled water.....	25
Student meals.....	12
Printed advertising .....	8
Master records and tapes .....	6
Monetized bullion.....	6
Sales by charitable organizations.....	5
Property furnished in health services .....	2
Hot food sold to airlines.....	1
Total.....	<u>\$902</u>
Local government revenue loss .....	\$237

(continued)

**Table 15-3—Continued**  
**Identifiable State Tax Expenditures**  
**1987-88**  
**(In Millions)**  
**Personal Income Tax**

**Bank and Corporation Tax**

Expensing-Research, Exploration & Development Costs.....	\$260
Charitable Contributions.....	46
Exempt corporations (from minimum tax only) .....	19
Solar energy credit.....	15
Exemption from preference tax.....	7
Percentage depletion .....	5
Expensing of certain agricultural costs .....	4
Energy conservation credit.....	1
Total .....	<u>\$357</u>

**Other Taxes**

Motor vehicle fuel taxes	
Aircraft jet fuel used by common carriers and military .....	\$58
Public transit and school district diesel fuel.....	7
	<u>\$65</u>
Insurance	
Nonprofit hospital service plans.....	\$230
Pensions and profit-sharing .....	31
Fraternal benefit societies .....	3
	<u>\$264</u>
Cigarette tax	
Sales to military.....	\$13

**Table 15-4**  
**Property Tax Exemptions**  
**1987-88**  
**(In Millions)**

Open space, timber land, historical property .....	\$78
Computer programs.....	15
Documented vessels.....	3
Air carrier ground time .....	7
Disabled veterans.....	5
Aircraft under repair.....	3
Cargo containers in ocean commerce .....	3
Motion pictures .....	1
Total .....	<u>\$115</u>





# Budgetary Process

The Governor's Budget is the result of a process which begins more than one year before the budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditure estimates based upon the most current information available through late December. In the event that the Governor wants to change the budget presented to the Legislature, including adjustments resulting from changes in population, caseload or enrollment estimates, the Department of Finance proposes adjustments to the Legislature during the budget hearings through Finance Letters. During late spring, usually May and June, the Department of Finance submits revised expenditure and revenue estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revision. The Department of Finance provides a further update on revenues and expenditures to the Legislature during August. Listed below are the key documents used in the budget process.

Title	Purpose	Prepared/Issued by	When
Budget Letters and Management Memos	Convey Administration guidelines for budget preparation to agencies and departments.	Governor/Department of Finance	April through December
Budget Change Proposals	Proposes and documents budget changes to maintain the existing level of service or to change the level of service.	Agencies and departments submit to Department of Finance for analysis	July through September
Governor's Budget	Governor proposes budget for the upcoming fiscal year.	Governor/Department of Finance	January 10
Governor's Budget Summary	A summary of the Governor's Budget.	Governor/Department of Finance	January 10
Budget Bill	Requests spending authorization to carry out Governor's expenditure plan (Legislative budget decision document.)	Department of Finance/ Legislature	January 10
Budget Analysis	Analysis of the budget, including recommendations for changes to the Governor's Budget.	Legislative Analyst	February
Budget Update	Compilation of Budget Change letters sent to Fiscal Committees.	Department of Finance	March
May Revision of General Fund Revenues and Expenditures	Update of General Fund revenues, expenditures and reserve estimates based on the latest economic forecast.	Department of Finance	Mid-May
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes.	Legislature/Governor	Late June
Supplemental Report of the Committee of Conference on the Budget Bill	Contains language on statements of intent and requests for information or studies.	Legislative Analyst	Early July
Final Budget Summary	Update of the individual Budget Act items with changes by the Governor's vetoes, including summary budget schedules.	Department of Finance	Mid-July
Final Change Book	Update of the changes to the detailed fiscal information in Governor's Budget in accordance with the Budget Act.	Department of Finance	Late July
Budget Update	Update of General Fund Revenues.	Department of Finance	August
General Fund Update and Financial Legislation Report	Update of revenue and expenditure estimates, including financial legislation.	Department of Finance	November/December

# Glossary of Budget Terms

The following budgetary terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary and the annual Budget (Appropriations) Bill. Definitions are provided for terminology which is common to all activities. For definitions of terms peculiar to a specific program area, please refer to the individual budget presentation of interest.

The definitions of other budget-related terms may be found in the State Administrative Manual and in the annual Budget Bill.

## **Administration Program:**

An accounting for departmental central management costs. These include such costs as the Director's Office, Legal Office, Personnel Office, Accounting and Business Services functions that generally serve the whole department.

"Administration-distributed" represents those costs which are more properly distributed to the program activities of an agency as indirect costs.

## **Allocation:**

A distribution of funds, or an expenditure limit established for an organization unit.

## **Allotment:**

A part of an appropriation, to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a line-item expenditure basis.

## **Appropriation:**

An authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time. The Budget Act contains many appropriations, or items. These appropriation items are limited to one year, unless otherwise specified.

Appropriations are made by the Legislature in the annual Budget Act and in other legislation. Continuing appropriations (which require no subsequent legislative action) are also provided by the California Constitution.

## **Appropriation Limits:**

As defined in Section 8 of Article XIII B of the California Constitution, enacted by the passage of Proposition 4 at the November 6, 1979 general election, the growth in the level of certain appropriations from tax proceeds are generally limited to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population. Other adjustments may be made for such reasons as the transfer of services from one government entity to another.

## **Augmentation:**

An increase in an allotment. A control section of the Budget Act authorizes the increase in expenditures for a category or project by transfer from any other category or project within the same schedule. A separate section of the Budget Act authorizes the augmentation of scheduled amounts from other departments, and from the federal government to the extent such funds have not been taken into consideration in the appropriation schedules. Both control sections require the reporting of specified augmentations to the chairperson of the committee in each house which considers appropriations and to the Chairperson of the Joint Legislative Budget Committee.

## **Authorized Positions:**

Those ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended va-

cancy. The detail of authorized positions by classification is published in the Salaries and Wages Supplement for each agency. Changes in authorized positions are listed following each agency's budget presentation in the Governor's Budget. (See Proposed New Positions.)

## **Balance Available:**

Amount available for appropriation or encumbrance. It is the excess of cash and near-cash assets of a fund over its liabilities and reserves; or commonly called surplus available for appropriation. It is also the unobligated balance of an appropriation which may be encumbered for the purposes of the specific appropriation.

## **Baseline Budget:**

A baseline budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It includes adjustment for cost increases, but does not include changes in level of service over that authorized by the Legislature.

## **Budget, Program/Traditional:**

A plan of operation for a specific period of time expressed in financial terms. A *program budget* expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and objectives. A *traditional budget* expresses the plan in terms of the costs of the goods or services to be used to perform specific functions.

The Governor's Budget is primarily a program budget. However, a summary of proposed expenditures for goods and services (Summary by Object) is included for State Operations, Local Assistance and Capital Outlay for each department, as well.



**Budget Bill/Act:**

The Budget Bill is prepared by the Department of Finance and is submitted to the Legislature in January accompanying the Governor's Budget. The Budget Bill is the Governor's request for spending authorization for the subsequent fiscal year for on-going programs authorized by the Legislature. The Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act.

**Budget Change Proposal (BCP):**

A proposal to change the level of service or funding sources for activities authorized by the Legislature, or propose new program activities not currently authorized.

**Budget Year (BY):**

The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current fiscal year.

**Capital Outlay:**

Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings and equipment related to construction).

**Carryover Appropriations:**

Appropriations with balances available for expenditure in years subsequent to the year of enactment.

**Category:**

A grouping of related objects of expenditure (goods or services). Such groupings are primarily Personal Services, Operating Expenses and Equipment, and Special Items of Expense.

**Category Transfer:**

A control section of the Budget Act provides that the Department of Finance is authorized to augment any category by transfer from any other category within the same appropriation

item schedule.

Augmentations of personal services and operating expenses and equipment categories generally cannot exceed, in the aggregate, 20 percent of the amount scheduled. Lower limits exist for support appropriations which exceed \$2,000,000. (See Category.)

**Changes in Authorized Positions:**

A statement included in each budget presentation in the Governor's Budget which reflects personnel staffing changes made subsequent to the adoption of the current year budget (transfers, positions established and reclassifications). It also includes proposed new positions for the budget year.

**Character of Expenditure:**

A classification of expenditures. (See State Operations, Local Assistance or Capital Outlay.)

**Codes, Uniform:**

A set of codes, used in all major fiscal systems of California State government, which has been established to identify organizations, programs, funds, appropriation structures, receipts and line-item objects of expenditure. The Uniform Codes Manual, published by the Department of Finance, lists all such uniform codes. (See Section 1.50 of the Budget Act for an explanation of the codes used for Budget Act appropriation items.)

**Continuing Appropriation:**

Amount, actual or estimated, available each year under a permanent constitutional or statutory expenditure authorization which is automatically renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or it may be whatever amount is required for the purpose as determined by for-

mula—such as school apportionments.

**Control Sections, Budget Act:**

The Budget Act is divided into sections. Section 1.00 establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations for support of the State of California. Sections 4.00 through 36.00 are general sections, also referred to as control sections, which place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.

**Cost of Living Adjustments (COLA's), Statutory/Discretionary:**

Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), e.g., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year, e.g., Urban Impact Aid.

**Current Year (CY):**

The fiscal year beginning July 1 and ending June 30. The time period we are in now.

**Encumbrance:**

A limitation or reserve placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.

**Expenditure:**

Generally, this term designates the amount of an appropriation used for goods and services ordered and received whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

**Federal Funds:**

In state budget usage, this term describes all funds received directly from an agency of the federal government but not those received through another state department. State agencies must initially deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.

**Final Budget:**

The final budget is the Governor's Budget as amended by action taken on the Budget Bill. A Final Change Book is published by the Department of Finance after enactment of the Budget Act to reflect the changes made by the Legislature in their review of the Budget Bill and by the Governor by power of item veto. It includes a detailed list of changes by item number.

**Finance Letters:**

Proposals made by the Director of Finance to the chairpersons of the committees in each house which consider appropriations to amend the Budget Bill and Governor's Budget from that submitted January 10 to reflect a revised plan of expenditure for the Budget Year.

**Fiscal Year (FY):**

A 12-month state accounting period which varies from the calendar year and the federal fiscal year. In California State government, the fiscal year runs from July 1 through the following June 30. It is the period during which obligations are incurred, encumbrances are made and appropriations are expended. The Governor's Budget presents three years of detailed fiscal data for the past, current and budget years.

The state fiscal year is often referenced by the first calendar year of the fiscal year, e.g., "'81" or "'1981" means the 1981-82 fiscal year. By contrast, the federal 1981-82 fiscal year is often referenced as "'82" or "'1982," and lasts from October 1 through September 30.

**Fund Balance:**

Excess of the assets of a fund over its liabilities and reserves. (See Balance Available, Special Fund for Economic Uncertainties and Surplus.)

**Fund Condition Statement:**

A statement included in the Governor's Budget for each special fund, special accounts in the General Fund, selected bond funds and Governmental Cost funds to disclose the fund assets, liabilities, reserves and surplus.

**Funds:**

A legal entity that provides for the segregation of moneys or other resources in the State Treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves and surplus (fund balance), as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specified fund income or expenditures. (See "Description of Fund Classifications in State Treasury.")

**General Fund:**

The General Fund is the predominant fund for financing State operations. It is used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax and bank and corporation taxes. A complete itemization of the revenue sources are listed in Schedule 8. The General Fund is used as the major funding source for education (K-12 and higher education), health and welfare programs, youth and adult correctional programs and tax relief. Schedule 9 provides a listing of expenditures for the General Fund.

**Item:**

(See Appropriation.)

**Governmental Cost Funds:**

(See Special Funds.)

**Limited-Term Positions:**

A limited-term position is any position which has been authorized for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget enactment process or in transactions approved by the Department of Finance.

**Line Item:**

(See Objects.)

**Local Assistance:**

Expenditures made for the support of local government activities.

**Local Mandates:**

(See State-Mandated Local Program.)

**Merit Salary Adjustment:**

A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary adjustment of 5 percent per year to recognize proficiency in the work performed up to the upper salary limit of the work classification.

**Minor Capital Outlay:**

Minor Capital Outlay consists of construction projects or equipment acquired to complete a construction project estimated to cost less than \$150,000.

**Objects (line items):**

A subclassification of expenditures based on type of goods or services. For example, the Personal Services category includes the objects of Salaries and Wages and Staff Benefits. These may be further subdivided into line items as State Employees' Retirement, Workers' Compensation, etc. Objects do not reflect a function or purpose to be served by the expenditure. A Summary by Object is provided for each depart-



ment's budget in the Governor's Budget for State Operations, Local Assistance and Capital Outlay expenditures. The Department of Finance publishes a Uniform Codes Manual which reflects the standard line-item objects of expenditure.

**Past Year (PY):**

The fiscal year just completed. (See Fiscal Year.)

**Personnel Years:**

The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee for half of a year would result in an expenditure of 0.5 personnel years.

**Positions:**

(See Authorized Positions.)

**Programs:**

The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, which can be further divided into components and tasks (the lowest defined program activity).

**Proposed New Positions:**

A request for an authorization to expend funds for the employment of additional people for the performance of work. Proposed new positions may be for limited-time periods (limited term) and for full or less than full-time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.

**Reappropriation:**

The extension of the availability of an appropriation for expenditure beyond its set termination date and/or for a new purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.

**Receipts:**

Describes an increase in the assets of a fund including revenues as well as transfers from other funds, federal receipts and fund reimbursements.

**Reconciliation With Appropriations:**

A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department and the disposition of such appropriated funds. Statements are presented by fund for each character of expenditure, i.e., State Operations, Local Assistance and Capital Outlay.

**Reimbursements:**

Amount received as a repayment of the cost of work, or service performed, or of other expenditures made for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).

**Special Fund for Economic Uncertainties:**

Statutes and the control sections of the Budget Act provide for the establishment of a Special Fund for Economic Uncertainties and a reserve in each special fund to provide for emergency situations. The appropriation of such funds from the reserves are not subject to the appropriation limits imposed on other appropriations. (See Appropriation Limits.)

**Reserve:**

An amount set aside in a fund to provide for expenditures from the unencumbered balances of continuing appropriations, economic uncertainties, future apportionments, for pending salary or price increase appropriations and appropriation for capital outlay projects.

**Revenue:**

The addition to cash or other current assets of governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings.

**Reversion:**

The return of the unused portion of an appropriation to the fund from which the appropriation was made. The undisbursed portion of an appropriation reverts two years after the last day of availability for encumbrance. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

**Salary Savings:**

Salary savings reflect personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past year experience.

**Special Funds:**

Special funds is a generic term used for "governmental cost funds" other than the General Fund. Governmental cost funds generally are commonly defined as those funds used to account for revenues from taxes, licenses and fees where the use of such revenues is restricted by law for particular functions or activities of government. Examples of special funds are the transportation funds, fish and game funds and the professions and vocation funds. Revenues and expenditures of special funds are summarized in Schedules 8, 9 and 10.



**Staff Benefits:**

The staff benefits object represents the state costs of contributions for employees' retirement, OASDI, health and welfare benefits, workers' compensation, unemployment insurance, industrial disability leave benefits and nonindustrial disability leave benefits.

**State-Mandated Local Program:**

State reimbursements to local governments for the cost of activities required by legislative and executive acts. This requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the November 6, 1979 general election. (See Governor's Budget: 8885 Commission on State Mandates.)

**State Operations:**

Expenditures for the support of State government, exclusive of capital investments and expenditures for local government activities.

**Summary by Object:**

A summary of actual past year and estimated current and budget year expenditures for goods and services for each organization presented for State Operations, Capital Outlay and Local Assistance expenditures.

**Summary of Program Requirements:**

At the front of each departmental budget is a Summary of Program Requirements. It presents the various departmental programs by title, dollar totals and source of funds for the past, current and budget years.

**Summary Schedules:**

The Governor's Budget includes schedules which summarize state revenues, expenditures and other fiscal and personnel data for the past, current and budget years. (See Schedules 1–13.)

**Tax Expenditures:**

Subsidies provided through the taxation systems.

**Transfers:**

As reflected in fund condition statements, reflects the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority.

## Description of Key Schedules

The Budget includes summary information in various schedules. The following schedules are those which may be the most useful for the public, private sector, or other levels of government.

**SCHEDULE 1.** *General Budget Summary*—Provides for a fund condition statement for the General Fund and the total of the Special funds plus expenditure totals for the Selected Bond funds.

**SCHEDULE 2.** *Total State Spending Plan*—Provides in a single schedule the State's total spending plan. In addition to the General Fund, Special funds, and Selected Bond funds, expenditures from Nongovernmental Cost funds and Federal funds are shown.

**SCHEDULE 3A.** *Total State Spending Plan by Generally Accepted Accounting Principles (GAAP) Fund Classifications*—Provides in a single schedule the State's Total Spending Plan (Schedule 2) rearranged into GAAP Fund Classifications.

**SCHEDULE 3B.** *Comparison of California's Current Fund Structure to Recommended GAAP Fund Classifications*—Provides a comparison of California's Current Fund Structure to recommended GAAP Fund Classifications.

**SCHEDULE 4.** *Personnel Years and Salary Cost Estimates*—Provides position and personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects net data after salary savings.

**SCHEDULE 4A.** *Positions and Salary Cost Estimates*—Provides position and personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects gross data before salary savings.

**SCHEDULE 4B.** *Personnel Years and Salary Costs*—Provides expended personnel years and salary costs for fiscal years 1983–84, 1984–85 and 1985–86.

**SCHEDULE 5.** *Summary of State Population, Employees, and Expenditures*—Provides historical data of State population, employees and expenditures.

**SCHEDULE 6.** *General Fund Balances Available for Appropriation*—Provides a comparison of the 1985–86 and 1986–87 General Fund amounts presented in the 1987–88 Governor's Budget to the amounts presented for those years in the 1986–87 Governor's Budget.

**SCHEDULE 7.** *General Fund: Statement of Financial Condition*—Provides the financial condition of the General Fund as of June 30, 1986 from the most recently available information from the State Controller.

**SCHEDULE 8.** *Comparative Statement of Revenues*—Provides General Fund and Special fund revenue detailed amounts within three main breakdowns of: (1) major taxes and licenses, (2) other revenues, and (3) transfers.

**SCHEDULE 9.** *Comparative Statement of Expenditures*—Provides a listing of expenditures in the order of printing of individual budgets from the General Fund, Special funds, Selected Bond funds and Federal funds for State operations, local assistance and capital outlay.

**SCHEDULE 10.** *Summary of Fund Condition Statements*—Provides for the General Fund and each Special fund the beginning reserve, income, expenditures, transfers, and ending reserve for each of the three fiscal years displayed in the Governor's Budget.

**SCHEDULE 11.** *Statement of Cash and Securities*—Provides a listing of cash, securities and amounts due from the Surplus Money Investment Fund for all funds maintained in the State Treasury.

**SCHEDULE 12.** *Comparative Statement of Expenditures as Required by Law*—Provides a listing of expenditures authorized by constitutional or statutory appropriation authority.

**SCHEDULE 13.** *Statement of Bonded Debt*—Provides a listing of all general obligation bonds as of December 31, 1986 including interest rates, maturity dates, authorized amount of bond issues, unsold issues, redemptions and outstanding issues.



# Description of Fund Classifications in the State Treasury

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 10 and 11 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals; and along with selected Bond Funds, are included in the overall expenditure totals. The State of California started in 1981–82 to change classification of funds in the state treasury to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 3 includes a description of these changes and shows their effect on the 1986–87 budget totals.

**General Fund.** Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental costs funds is the restriction placed on the use of the other governmental cost funds.

**Special Funds.** Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement and capital outlay.

**General Fund Special Accounts.** Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the

purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund unrestricted revenues, expenditures and reserves.

**Other Funds.** See Schedule 11 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

**Working Capital and Revolving Funds.** Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

**Public Service Enterprise Funds.** Self supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

**Bond Funds.** Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made

and as the bonds are redeemed.

**Retirement Funds.** Moneys held in trust by the State for retirement benefit payments.

**Trust and Agency Funds.** Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

**Selected Bond Funds.** Included in the overall expenditures totals of Schedules 1 and 9 for budget purposes are expenditures from the following funds:

Bond Proceeds Account, State School Building Lease-Purchase Fund.  
County Jail Capital Expenditure Fund, Bond Act of 1981.  
Health Science Facilities Construction Program Fund.  
Recreation and Fish and Wildlife Enhancement Fund.  
State Beach, Park, Recreational and Historical Facilities Fund (of 1964).  
State Beach, Park, Recreational and Historical Facilities Fund (of 1974).  
State Clean Water Fund.  
State Clean Water and Water Conservation Fund.  
State Construction Program Fund.  
California Safe Drinking Water Fund.  
State, Urban and Coastal Park Fund (Bond Act of 1976).  
Parklands Fund of 1980.  
New Prison Construction Funds.  
Lake Tahoe Acquisitions Fund.  
Parklands Fund of 1984.  
County Jail Capital Expenditure Fund, Bond Act of 1984.



1984 Prison Construction Fund.  
State Coastal Conservancy Fund of  
1984.  
1984 State Clean Water Bond Fund.  
Fish and Wildlife Habitat Enhance-  
ment Fund.  
California School Finance Authority  
Fund.  
Community Parklands Fund.  
1986 County Correctional Facility  
Expenditure Fund.  
1986 Water Conservation Water  
Quality Bond Fund.  
New Prison Construction Revenue  
Fund.  
Higher Education Capital Outlay  
Bond Fund.  
1986 Toxics Bond Fund.  
Santa Monica Mountains Conserva-  
tion Fund.



**Schedule 1**  
**GENERAL BUDGET SUMMARY <sup>a</sup>**  
**(In thousands)**

<i>1985-86</i>	<i>Reference to Schedule</i>	<i>General Fund</i>	<i>Special <sup>b</sup> Funds</i>	<i>Budget Expenditure Totals</i>	<i>Selected Bond Fund Expenditures</i>	<i>Expenditure Totals Including Bonds</i>
Prior year resources available.....	10	\$1,455,347	\$1,644,809			
Revenues and transfers.....	8	28,072,244	5,485,683			
Expenditures.....	9	28,841,313	5,190,281	\$34,031,594	\$945,100	\$34,976,694
Fund Balance.....	7	\$686,278	\$1,940,211			
<i>Unencumbered balance of continuing appropriations</i>	7	151,145	654,909			
<i>Disaster Response—Operations Account</i> .....	7	99,560	-			
<i>Special Fund for Economic Uncertainties <sup>c</sup></i> .....	7	435,573	-			
<i>Reserve for Economic Uncertainties</i> .....	-	-	1,285,302			
<i>1986-87</i>						
Prior year resources available.....	7	\$686,278	\$1,940,211			
Revenues and transfers.....	8	30,764,799	5,149,364			
Expenditures.....	9	30,899,801	5,949,762	\$36,839,563	\$1,532,434	\$38,371,997
Fund Balance.....	10	\$561,276	\$1,139,813			
<i>Unencumbered balance of continuing appropriations</i>	-	8,454	190,372			
<i>Disaster Response—Operations Account</i> .....	-	1,598	-			
<i>Special Fund for Economic Uncertainties <sup>c</sup></i> .....	-	551,224	-			
<i>Reserve for Economic Uncertainties</i> .....	-	-	949,441			
<i>1987-88</i>						
Prior year resources available.....	10	\$561,276	\$1,139,813			
Revenues and transfers.....	8	31,742,023	6,111,797			
Expenditures.....	9	31,263,568	6,665,525	\$37,929,093	\$1,124,323	\$39,053,416
Fund Balance.....	10	\$1,039,731	\$586,085			
<i>Unencumbered balance of continuing appropriations</i>	-	4,119	123,322			
<i>Disaster Response—Operations Account</i> .....	-	10,000	-			
<i>Special Fund for Economic Uncertainties <sup>c</sup></i> .....	-	1,025,612	-			
<i>Reserve for Economic Uncertainties</i> .....	-	-	462,763			

<sup>a</sup> The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of State government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded.

<sup>b</sup> Due to the lateness in availability of the State Controller's preliminary fiscal data for their annual report, the amounts reflected in the 1985-86 fiscal year may not agree with the data which will be included in the State Controller's Annual Report. In addition, amounts included in this schedule for expenditures may not agree with those shown in Schedules 9, 10 and 12 due to rounding.

<sup>c</sup> The Special Fund for Economic Uncertainties provides a source of funds to meet State General Fund obligations in the event of a decline in revenues or an unanticipated increase in expenditures.



## Schedule 2 TOTAL STATE SPENDING PLAN

This Schedule is included for informational purposes to show in one place the expenditures of all funds which are accounted for by the State.

A basic premise in a consolidation such as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds. A total consolidation presents both theoretical and practical problems because of the individual nature of each fund. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Examples of problems which may arise from an unqualified consolidation are (1) funds are accounted for in a different manner, (2) duplication of expenditures result, (3) expenditures from non-state funds are included, and (4) expenditures are included for quasi-state operations such as Workers' Compensation and for payment of retirement benefits for other governmental units.

In order to minimize misinterpretations, this Schedule is displayed in two parts. Part A summarizes those expenditures from funds traditionally included in budget totals; Part B summarizes expenditures from the other funds which are collectively identified as nongovernmental cost funds. Schedule 2, in either part, does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures.

### Total State Spending Plan—Part A Governmental Cost, Selected Bond Funds and Federal Funds

As stated above, Part A summarizes expenditures from funds which are traditionally included as part of State expenditure summaries in the Governor's Budget and other State financial reports. The major portion of the expenditures shown in Part A is for the General Fund and the various special funds which are commonly referred to as "governmental cost funds." This term is used because these funds are used to account for moneys which are derived from general and special taxes, licenses, fees or other revenue sources to provide financing for State activities which are for the general purposes of State government.

The selected bond funds are included in Part A because of the historical legislative interest in showing these expenditures in budget totals. It should be noted that there is a duplication in showing these expenditure amounts from bond proceeds because the expenditures are included both when bond proceeds are spent and when debt service is paid.

The Federal funds have also been included in Part A because of increasing interest in the level of the State's expenditure of Federal funds. The detail of expenditures by department for the General Fund, special funds, selected bond funds and Federal funds is shown in Schedule 9.

<i>Funds</i>	<i>1985-86*</i>	<i>1986-87*</i>	<i>1987-88*</i>
Governmental Cost Funds:			
General Fund.....	\$28,841,313	\$30,889,801	\$31,263,568
Special Funds.....	5,190,281	5,949,762	6,665,525
Totals, Governmental Cost Funds .....	\$34,031,594	\$36,839,563	\$37,929,093
Selected Bond Funds .....	945,100	1,532,434	1,124,323
Totals, Governmental Cost Funds and Selected Bond Funds.....	\$34,976,694	\$38,371,997	\$39,053,416
Federal Funds .....	14,280,340	15,350,573	15,160,512
<b>TOTALS .....</b>	<b>\$49,257,034</b>	<b>\$53,722,570</b>	<b>\$54,213,928</b>

### Total State Spending Plan—Part B Nongovernmental Cost Funds

Nongovernmental cost funds are used to account for moneys which are derived from sources other than general or special taxes, licenses, fees or other state revenues. Although Federal funds and bond funds are classified as nongovernmental costs funds, they are included in Part A for reasons cited therein. The nongovernmental cost funds shown in Part B are segregated into the following classifications.

#### PUBLIC SERVICE ENTERPRISE FUNDS

Public Service Enterprise Funds are used to account for the transactions of self-supporting enterprises which render services for a charge primarily to the general public.

Activities which are accounted through Public Service Enterprise Funds include toll bridges, harbor facilities, disability insurance, college housing, and veterans farm and home loan financing. Bond funds and sinking funds related to a public service enterprise are included in this classification.

Public Service Enterprise Funds differ from Working Capital and Revolving Funds in that, in the latter, fees for services rendered are largely from other State agencies or local governments.

It should be noted that expenditures shown below from the Compensation Insurance Fund do not include benefit payments to State employees because the State is self-funded. The expenditures shown are benefits paid from funding provided through insurance premiums and therefore are not true State costs.

#### WORKING CAPITAL AND REVOLVING FUNDS

Working Capital and Revolving Funds are used to account for the internal service activities rendered by a State agency to other State agencies or to local governments. Activities which are accounted through Working Capital and Revolving Funds include centralized purchasing for stores, consolidated data center services, printing, architectural services, manufacturing, surplus money investment, payroll disbursement, automotive management, and building operations.

Working Capital and Revolving Funds differ from the Public Service Enterprise Funds, which render services primarily to the general public. To the extent that services are provided to other State agencies, expenditures shown in Working Capital and Revolving Funds are duplicative of expenditures shown in the agencies.

## BOND FUNDS

Bond Funds are used to account for the receipt and disbursement of bond proceeds. They do not account for bond retirement since the liability created by the sale of bonds is not a liability of these funds. Bonds are retired and the interest obligations thereon are paid through the provisions specified in the bond act.

Bond Funds related to a public service enterprise are included in the Public Service Enterprise Fund classification.

## RETIREMENT FUNDS

Retirement Funds are used to account for employer and member contributions received by various retirement systems, the investment of these moneys, annuity payments, refunds to members, and other receipts and disbursements. The amounts shown below reflect both administrative costs and benefits paid to annuitants. For the Public Employees' Retirement Fund and the Teachers' Retirement Fund, funding includes non-state sources and expenditures therefrom are not true State costs. Also, costs funded from amounts transferred into these funds from other State agencies are duplicative of expenditures shown in the agencies.

## OTHER NONGOVERNMENTAL COST FUNDS

For selected programs, the State budget has traditionally included funding provided by county funds and university funds for informational purposes. Because of inclusion in the budget, these expenditures are shown in Schedule 2. The balance of funds shown in this classification are for Trust and Agency Funds which are used to account for moneys and properties that are received from other than Federal sources and which are held and disbursed from the State Treasury by the State as trustee or custodian.

The following provides detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

<i>Funds</i>	<i>1985-86 Amount</i>	<i>1986-87 Amount</i>	<i>1987-88 Amount</i>
<b>PUBLIC SERVICE ENTERPRISE FUNDS:</b>			
Water Resources Development Bond Fund.....	\$251,517	\$228,191	\$262,958
Central Valley Water Project Const Fund.....	87,700	116,173	113,964
Central Valley Water Project Revenue Fund .....	161,443	192,112	211,576
Compensation Insurance Fund .....	833,432	1,102,000	1,277,000
Harbors and Watercraft Revolving Fund .....	31,432	35,568	34,800
Univ & College Cont Educ Revenue Fund, St .....	40,894	42,585	39,762
Unemployment Compensation Disability Fund.....	1,280,204	1,379,914	1,429,411
Veterans Farm & Home Building Fund 1943 .....	1,006,221	1,045,718	1,146,308
Others .....	213,030	307,302	195,490
* Totals, Public Service Enterprise Funds .....	\$3,905,873	\$4,449,563	\$4,711,269
<b>WORKING CAPITAL AND REVOLVING FUNDS:</b>			
Architecture Revolving Fund .....	12,684	15,607	14,588
Health and Welfare Agency Data Cent Rev Fund.....	35,753	43,389	53,689
Service Revolving Fund .....	253,905	289,721	283,059
Stephen P. Teale Data Center Rev Fund.....	51,858	53,925	56,646
Others .....	24,207	36,558	117,782
* Totals, Working Capital and Revolving Funds .....	\$378,407	\$439,200	\$525,764
<b>BOND FUNDS—OTHER:</b>			
School Building Aid Fund, State .....	196,836	190,837	179,689
Others .....	37,023	11,046	52,294
* Totals, Bond Funds—Other .....	\$233,859	\$201,883	\$231,983
<b>RETIREMENT FUNDS:</b>			
Judges' Retirement Fund .....	34,511	37,680	42,109
Legislators' Retirement Fund .....	3,391	3,741	4,134
Public Employees' Retirement Fund .....	1,586,122	1,749,451	1,917,301
Teachers' Retirement Fund .....	1,037,552	1,144,402	1,253,749
* Totals, Retirement Funds .....	\$2,661,576	\$2,935,274	\$3,217,293
<b>OTHER NONGOVERNMENTAL COST FUNDS:</b>			
Transportation Revolving Account, STF .....	—	1	—
University Funds .....	2,015,070	2,278,832	2,418,549
Others .....	1,226,063	1,251,585	1,038,777
* Totals, Other Nongovernmental Cost Funds .....	\$3,241,133	\$3,530,418	\$3,457,326
<b>TOTALS, ALL NONGOVERNMENTAL COST FUNDS.....</b>	<b>\$10,420,848</b>	<b>\$11,556,338</b>	<b>\$12,143,635</b>

\* Dollars in thousands



## IMPLEMENTATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Implementation of Chapter 1286, Statutes of 1984 (AB 3372), requires the state to conform its financial management system to Generally Accepted Accounting Principles (GAAP) to the extent that the Department of Finance deems it to be in the best interest of the State.

GAAP represents uniform minimum standards and guidelines for Financial Accounting and Reporting. The goal of GAAP is to standardize the accounting and financial reporting of organizations regardless of jurisdictional legal provisions and customs.

The purpose of "Governmental GAAP" is to provide a uniform set of rules so the presentation of governmental financial reports for taxpayers, bond rating companies, legislators and other readers are consistent from year to year as well as comparable between governmental entities.

The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for activities and transactions of state and local governmental entities. The State of California currently is a dues-paying member of the GASB organization and provides input for the various issues being studied by GASB.

An effort is currently underway within the Department of Finance to ensure that the budget and financial statements of the state are more understandable and are presented in a fair and consistent manner through the application of Generally Accepted Accounting Principles.

The Department of Finance has taken the following actions to implement GAAP in conformance with Chapter 1286, Statutes of 1984 (AB 3372):

1. A work group has been established to review the changes required by GAAP and to establish priorities and task assignments.
2. The 1986-87 Governor's Budget and Budget Act changed the classification of student fees in the California State University System to revenue rather than reimbursements. This conforms to GAAP requirements.
3. The 1986-87 Governor's Budget and Budget Act changed the classification of State Hospital Medical Care receipts to reimbursements rather than revenue. This conforms to GAAP requirements.
4. Effective with the 1987-88 Governor's Budget, the interest and redemption costs of general obligation bonds are being shown in the relevant program area for each bond.
5. A Task Force has been established as required by Chapter 1366, Statutes of 1986 (AB 3921), to review the accounting of Internal Service Funds and recommend changes to bring their accounting into compliance with GAAP.
6. The Financial and Performance Accountability Unit (FPA) of the Department of Finance is currently rewriting the sections of the State Administrative Manual (SAM) covering proprietary funds to bring them into conformance with GAAP. In addition, the current SAM sections covering the fund designations and general ledger chart of accounts have been updated by FPA to comply with GAAP classifications. These revised SAM sections will be published during the Spring of 1987.
7. The "Fund Manual" for California has been rewritten to bring it into conformance with GAAP.
8. An effort is currently underway to determine the specific impacts on the Governor's Budget format that will result from changing the State's fund structure to conform to GAAP.

The State's fiscal system is highly complex with many interrelationships between budgeting and accounting. Consequently, some of the changes in accounting that are necessary to conform to GAAP impact the budget system and/or the Governor's Budget presentations. These interrelationships will result in the GAAP changes being accomplished over a number of years.

The following two charts illustrate the effect of conversion to GAAP fund classifications:

Schedule 3A shows the "Total State Spending Plan" data shown in Schedule 2 rearranged into the GAAP classifications.

Schedule 3B uses 1987-88 budget totals to show California's current fund structure compared to recommended GAAP classifications.

### SCHEDULE 3A TOTAL STATE SPENDING PLAN BY GAAP FUND CLASSIFICATION (In Thousands)

	1985-86	1986-87	1987-88
<b>Governmental Funds</b>			
General Fund .....	\$28,841,313	\$30,889,801	\$31,263,568
Special Revenue Funds .....	11,940,879	13,323,843	13,761,578
Capital Project Funds.....	901,965	1,097,470	788,330
<b>Total Governmental Funds.....</b>	<b>\$41,684,157</b>	<b>\$45,311,114</b>	<b>\$45,813,476</b>
<b>Proprietary Funds</b>			
Enterprise Funds .....	2,598,644	2,982,214	3,332,730
Internal Service Funds.....	350,502	400,188	406,072
<b>Total Proprietary Funds .....</b>	<b>\$2,949,146</b>	<b>\$3,382,402</b>	<b>\$3,738,802</b>
<b>Fiduciary Funds</b>			
Retirement Funds.....	2,661,576	2,935,274	3,217,293
Trust and Agency Funds—Other .....	4,726,294	5,238,872	5,420,458
Trust and Agency Funds—Federal.....	2,438,334	2,670,007	2,440,854
<b>Total Fiduciary Funds .....</b>	<b>\$9,826,204</b>	<b>\$10,844,153</b>	<b>\$11,078,605</b>
<b>Funds Outside State Treasury</b>			
Other .....	5,218,377	5,741,239	5,726,680
<b>Total Funds Outside State Treasury.....</b>	<b>\$5,218,377</b>	<b>\$5,741,239</b>	<b>\$5,726,680</b>
<b>TOTAL SPENDING, ALL FUNDS .....</b>	<b>\$59,677,884</b>	<b>\$65,278,908</b>	<b>\$66,357,563</b>



**SCHEDULE 3B**  
**COMPARISON OF CALIFORNIA CURRENT**  
**FUND STRUCTURE AND RECOMMENDED GAAP FUND STRUCTURE**  
**USING 1987-88 BUDGET TOTALS**  
(In Thousands)

*FUND STRUCTURE BASED ON GAAP CLASSIFICATIONS*

	<i>Governmental Funds</i>				<i>Proprietary Funds</i>		<i>Fiduciary Funds</i>		<i>Funds Outside State Treasury</i>	<i>Totals</i>
	<i>General Fund</i>	<i>Special Revenue Funds</i>	<i>Capital Projects Funds</i>	<i>Total Governmental Funds</i>	<i>Enterprise Funds</i>	<i>Service Funds</i>	<i>Retirement Funds</i>	<i>Trust and Agency Funds</i>		
<b>CURRENT FUND STRUCTURE</b>										
Governmental Cost Funds										
General Fund .....	\$31,263,568	-	-	\$31,263,568	-	-	-	-	-	\$31,263,568
General Fund Special Accounts .....	-	\$360,080	-	360,080	-	\$9,601	-	\$29,462	-	399,143
Transportation Funds .....	-	2,255,136	-	2,255,136	-	-	-	2,491,011	-	4,746,147
Feeder Funds .....	-	-	-	-	-	-	-	77,000	-	77,000
Other Governmental Cost Funds .....	-	1,405,468	\$1,431	1,406,899	-	-	-	36,236	-	1,443,235
Total Governmental Cost Funds .....	\$31,263,568	\$4,020,684	\$1,431	\$35,285,683	-	\$9,601	-	\$2,633,809	-	\$37,929,093
Selected Bond Funds .....	-	-	771,425	771,425	-	-	-	352,898	-	1,124,323
Total Governmental Cost Funds and Selected Bond Funds .....	\$31,263,568	\$4,020,684	\$772,856	\$36,057,108	-	\$9,601	-	\$2,986,707	-	\$39,053,416
Nongovernmental Cost Funds										
Public Service Enterprise Funds .....	-	-	618	618	\$3,211,574	-	-	1,499,077	-	4,711,269
Working Capital and Revolving Funds .....	-	11,256	14,711	25,967	101,786	396,471	-	1,540	-	525,764
Bond Funds—Other .....	-	-	145	145	-	-	-	231,638	-	231,983
Trust and Agency Funds:										
Retirement Funds .....	-	-	-	-	-	-	\$3,217,293	-	-	3,217,293
Trust and Agency Funds—Federal .....	-	9,719,701	-	9,719,701	-	-	-	2,440,854	\$2,999,957	15,160,512
Trust and Agency Funds—Other .....	-	9,937	-	9,937	19,370	-	-	701,296	-	730,603
Other Nongovernmental Cost Funds .....	-	-	-	-	-	-	-	-	2,726,723	2,726,723
Total Nongovernmental Cost Funds .....	-	\$9,740,894	\$15,474	\$9,756,268	\$3,332,730	\$396,471	\$3,217,293	\$4,874,605	\$5,726,680	\$27,304,147
<b>TOTAL SPENDING, ALL FUNDS .....</b>	<b>\$31,263,568</b>	<b>\$13,761,578</b>	<b>\$788,330</b>	<b>\$45,813,476</b>	<b>\$3,332,730</b>	<b>\$406,072</b>	<b>\$3,217,293</b>	<b>\$7,861,312</b>	<b>\$5,726,680</b>	<b>\$66,357,563</b>

# SCHEDULE 4

## PERSONNEL YEARS AND SALARY COST ESTIMATES (Excludes Staff Benefits) (dollars in thousands)

FUNCTION	1986-87 Fiscal Year		1987-88 Fiscal Year	
	Personnel Years <sup>1</sup>	Net Salaries and Wages	Personnel Years <sup>1</sup>	Net Salaries and Wages
Legislative/Judicial/Executive:				
Legislative .....	499.5	\$17,280	504.5	\$17,962
Judicial .....	1,499.3	88,265	1,546.2	91,404
Executive .....	8,406.4	263,794	8,615.1	275,918
State and Consumer Services .....	12,060.3	334,678	12,230.1	340,726
Business, Transportation and Housing .....	33,400.6	1,047,116	33,920.8	1,077,228
Resources .....	14,238.0	468,034	14,564.4	481,788
Health and Welfare .....	37,799.5	1,083,536	37,160.7	1,074,534
Youth and Adult Correctional .....	24,084.7	809,692	26,279.5	890,713
Education:				
Education .....	2,725.2	81,402	2,736.0	82,861
Higher Education .....	91,202.4	3,129,274	92,422.2	3,193,253
Unallocated salary increase .....	—	—	—	51,925
General Government:				
General Administration .....	10,239.8	314,511	10,547.8	322,063
Unallocated salary increase—Other .....	—	—	—	84,177
NET TOTALS .....	236,155.7	\$7,637,582	240,527.3	\$7,984,552
POSITION CLASSIFICATION				
Constitutional Officers .....	127.0	5,019	127.0	5,307
Statutory .....	224.5	19,297	224.5	19,902
Civil Service .....	142,326.5	4,361,778	145,462.2	4,505,302
Superior Court Judges—part salary .....	725.0	52,880	724.0	53,662
Exempt—Other .....	2,095.9	86,262	2,130.9	88,474
Exempt—Higher Education:				
University of California .....	55,217.0	1,818,082	55,668.0	1,846,254
Auxiliary Enterprises—University of California .....	2,703.0	143,165	2,703.0	154,717
Hastings College of Law .....	211.7	8,674	211.7	8,898
State University .....	31,003.9	1,098,735	31,755.0	1,124,207
Auxiliary Organizations—State University .....	1,521.2	43,690	1,521.0	41,727
Unallocated salary increase .....	—	—	—	51,925
Unallocated salary increase—Other .....	—	—	—	84,177
NET TOTALS .....	236,155.7	\$7,637,582	240,527.3	\$7,984,525

<sup>1</sup> As shown in departmental budgets as "Net Totals, Salaries and Wages."

**SCHEDULE 4A**

**POSITIONS AND SALARY COST ESTIMATES**  
*(Excludes Staff Benefits)*  
(dollars in thousands)

<i>Function</i>	<i>1986-87 Fiscal Year</i>		<i>1987-88 Fiscal Year</i>	
	<i>Estimated Positions<sup>1</sup></i>	<i>Total Salaries and Wages</i>	<i>Proposed Positions<sup>1</sup></i>	<i>Total Salaries and Wages</i>
Legislative/Judicial/Executive:				
Legislative .....	500.5	\$17,537	505.5	\$18,224
Judicial .....	1,519.3	90,081	1,564.2	92,954
Executive .....	8,814.7	276,624	9,109.4	289,968
State and Consumer Services .....	12,695.9	351,573	12,875.8	360,292
Business, Transportation and Housing.....	34,897.8	1,103,926	35,456.8	1,136,565
Resources .....	14,930.2	484,975	15,250.5	499,931
Health and Welfare .....	40,025.8	1,146,410	39,497.0	1,146,580
Youth and Adult Correctional .....	24,809.0	834,493	27,359.2	931,011
Education:				
Education .....	2,814.7	85,480	2,823.4	86,834
Higher Education .....	93,352.0	3,185,829	94,566.4	3,270,808
Unallocated salary increase .....	—	—	—	51,925
General Government:				
General Administration .....	10,698.1	327,635	10,990.8	335,276
Unallocated salary increase—Other .....	—	—	—	84,177
<b>TOTALS, SALARIES AND WAGES .....</b>	<b>245,058.0</b>	<b>\$7,904,563</b>	<b>249,999.0</b>	<b>\$8,304,545</b>
<i>Less Salary Savings.....</i>	<i>—8,902.3</i>	<i>—266,981</i>	<i>—9,471.7</i>	<i>—319,993</i>
<b>NET TOTALS .....</b>	<b>236,155.7</b>	<b>\$7,637,582</b>	<b>240,527.3</b>	<b>\$7,984,525</b>

<sup>1</sup> As shown in departmental budgets as "Totals, Salaries and Wages."



**SCHEDULE 4B**

**PERSONNEL YEARS AND SALARY COSTS**  
*(Excludes Staff Benefits)*  
**(dollars in thousands)**

<i>Function</i>	<i>1983-84 Fiscal Year</i>		<i>1984-85 Fiscal Year</i>		<i>1985-86 Fiscal Year</i>	
	<i>Personnel Years</i>	<i>Net Salaries and Wages</i>	<i>Personnel Years</i>	<i>Net Salaries and Wages</i>	<i>Personnel Years</i>	<i>Net Salaries and Wages</i>
Legislative/Judicial/Executive:						
Legislative.....	411.4	\$11,590	414.4	\$12,658	449.0	\$15,508
Judicial .....	1,296.9	66,335	1,353.5	76,131	1,432.6	80,426
Executive .....	7,777.8	187,356	7,918.5	216,815	8,112.9	241,472
State and Consumer Services .....	11,255.7	240,442	11,790.0	282,971	11,748.8	307,180
Business, Transportation and Housing .....	33,092.2	804,804	34,254.1	939,481	33,276.6	985,732
Resources .....	13,518.6	330,000	13,590.0	381,682	13,801.2	427,233
Health and Welfare.....	39,288.0	861,231	37,646.6	949,689	37,370.6	1,013,724
Youth and Adult Correctional .....	15,336.1	419,114	17,331.8	532,396	18,868.2	640,384
Education:						
Education .....	2,547.6	61,060	2,476.2	67,624	2,474.4	72,634
Higher Education .....	93,091.6	2,299,268	93,524.1	2,664,688	92,132.5	2,891,919
General Government:						
General Administration .....	9,079.3	239,167	9,545.7	259,062	9,974.0	284,267
<b>NET TOTALS .....</b>	<b>226,695.2</b>	<b>\$5,520,367</b>	<b>229,844.9</b>	<b>\$6,383,197</b>	<b>229,640.8</b>	<b>\$6,960,479</b>

**SCHEDULE 5**  
**SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES**

Year	Population <sup>1</sup> (Thousands)	Employees	Personal Per 1,000 Population	Income (Billions)	Revenue		Expenditures		Expenditures per Capita		Expenditures per \$100 of Personal Income	
					General Fund	Total (Millions)	General Fund <sup>2</sup>	Total <sup>3</sup> (Millions)	General Fund <sup>2</sup>	Total <sup>3</sup>	General Fund <sup>2</sup>	Total <sup>3</sup>
					(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)
1950-51 .....	10,643	61,000	5.7	\$19.7	\$672	\$994	\$587	\$1,006	\$55.15	\$94.52	\$2.98	\$5.11
1951-52 .....	11,130	63,860	5.7	22.7	734	1,086	635	1,068	57.05	95.96	2.80	4.70
1952-53 .....	11,638	65,720	5.6	25.2	774	1,151	714	1,177	61.35	101.13	2.83	4.67
1953-54 .....	12,101	69,928	5.8	27.0	798	1,271	809	1,381	66.85	114.12	3.00	5.11
1954-55 .....	12,517	74,099	5.9	27.7	879	1,434	852	1,422	68.07	113.61	3.08	5.13
1955-56 .....	13,004	77,676	6.0	30.5	1,005	1,578	923	1,533	70.98	117.89	3.03	5.03
1956-57 .....	13,581	88,299	6.5	33.4	1,079	1,834	1,030	1,732	75.84	127.53	3.08	5.19
1957-58 .....	14,177	98,015	6.9	35.8	1,111	1,751	1,147	1,939	80.91	136.77	3.20	5.42
1958-59 .....	14,741	101,982	6.9	37.5	1,210	1,925	1,246	2,066	84.53	140.15	3.32	5.51
1959-60 .....	15,288	108,423	7.1	41.1	1,491	2,198	1,435	2,140	93.86	139.98	3.49	5.21
1960-61 .....	15,863	115,737	7.3	43.3	1,598	2,338	1,678	2,525	105.78	159.18	3.88	5.83
1961-62 .....	16,412	122,339	7.5	45.7	1,728	2,451	1,697	2,488	103.40	151.60	3.71	5.44
1962-63 .....	16,951	128,981	7.6	49.1	1,866	2,668	1,881	2,808	110.97	165.65	3.83	5.72
1963-64 .....	17,530	134,721	7.7	52.5	2,137	3,057	2,064	3,182	117.74	181.52	3.93	6.06
1964-65 .....	18,026	143,896	8.0	56.8	2,245	3,295	2,345	3,652	130.09	202.60	4.13	6.43
1965-66 .....	18,464	151,199	8.2	60.7	2,509	3,581	2,580	4,059	139.73	219.83	4.25	6.69
1966-67 .....	18,831	158,404	8.4	65.9	2,895	4,073	3,017	4,659	160.21	247.41	4.58	7.07
1967-68 .....	19,175	162,677	8.5	70.7	3,682	4,927	3,273	5,014	170.69	261.49	4.63	7.09
1968-69 .....	19,432	171,655	8.8	77.3	4,136	5,450	3,909	5,673	201.16	291.94	5.06	7.34
1969-70 .....	19,745	179,583	9.1	88.5 <sup>4</sup>	4,330	5,743	4,456	6,302	225.68	319.17	5.04	7.12
1970-71 .....	20,039	181,581	9.1	95.1	4,534	5,919	4,854	6,556	242.23	327.16	5.10	6.89
1971-72 .....	20,346	181,912	8.9	101.0	5,395	6,897	5,027	6,684	247.08	328.52	4.98	6.62
1972-73 .....	20,585	188,460	9.2	110.3	5,780	7,366	5,616	7,422	272.82	360.55	5.09	6.73
1973-74 .....	20,868	192,918	9.2	121.7	6,978	8,715	7,299	9,311	349.77	446.19	6.00	7.65
1974-75 .....	21,173	203,548	9.6	136.1	8,630	10,405	8,349	10,276	394.32	485.34	6.13	7.55
1975-76 .....	21,537	206,361	9.6	149.5	9,639	11,567	9,518	11,452	441.94	531.74	6.37	7.66
1976-77 .....	21,935	213,795	9.7	167.4	11,381	13,463	10,467	12,632	477.18	575.88	6.25	7.55
1977-78 .....	22,350	221,251	9.9	186.7	13,695	15,962	11,686	14,003	522.86	626.53	6.26	7.50
1978-79 .....	22,839	218,530	9.6	214.4	15,219	17,711	16,251	18,745	711.55	820.75	7.58	8.74
1979-80 .....	23,255	220,193	9.5	244.2	17,985	20,919	18,534	21,488	796.99	924.02	7.59	8.80
1980-81 .....	23,780	225,567	9.5	275.8	19,023	22,104	21,105	24,511	887.51	1,030.74	7.65	8.89
1981-82 .....	24,265	228,813	9.4	308.2	20,960	23,601	21,693	25,022	894.00	1,031.20	7.04	8.12
1982-83 .....	24,786	228,489	9.2	328.0	21,233	24,291	21,751	25,330	877.55	1,021.95	6.63	7.72
1983-84 .....	25,311	226,695	9.0	354.0	23,809	27,626	22,869	30,396	903.52	1,200.90	6.46	8.59
1984-85 .....	25,795	229,845	8.9	390.9	26,536	31,570	25,722	30,961	997.17	1,200.27	6.58	7.92
1985-86 .....	26,365	227,209	8.6	423.6	28,072	33,558	28,841	34,977	1,093.91	1,326.65	6.81	8.26

<sup>1</sup> Population as of July 1, the beginning of the fiscal year.

<sup>2</sup> Includes Special Accounts in General Fund from 1973-74 to 1976-77.

<sup>3</sup> Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1957-58.

<sup>4</sup> Revised data, not comparable with prior years.

**Schedule 6**  
**GENERAL FUND**  
**ANALYSIS OF CHANGE IN RESERVES AS OF JUNE 30, 1987**  
**FROM THE PREVIOUS GOVERNOR'S BUDGET**  
**(In Thousands)**

<b>DETAIL OF CHANGES</b> 1985-86 Fiscal Year (From previous Governor's Budget to the current Governor's Budget)	1986-87 Governor's Budget (previous estimate)	1987-88 Governor's Budget (revised estimate)	Effect of Changes on Reserves
Prior year resources available .....	\$1,386,239	\$1,455,347	\$69,108
Revenues and Transfers:			
Revenues.....	\$28,216,047	\$28,090,108	-\$125,939
Transfers.....	-29,448	-17,864	11,584
Totals, Revenues and Transfers.....	\$28,186,599	\$28,072,244	-\$114,355
Expenditures:			
State Operations .....	\$7,103,795	\$7,125,370	-\$21,575
Capital Outlay .....	79,285	66,707	12,578
Local Assistance .....	21,526,822	21,649,236	-122,414
Totals, Expenditures .....	\$28,709,902	\$28,841,313	-\$131,411
 1986-87 Fiscal Year (From previous Governor's Budget to the current Governor's Budget)			
Revenues and Transfers:			
Revenues.....	\$30,953,834	\$30,555,321	-\$398,513
Transfers.....	69,731	209,478	139,747
Totals, Revenues and Transfers.....	\$31,023,565	\$30,764,799	-\$258,766
Expenditures:			
State Operations .....	\$7,666,024	\$7,777,834	-\$111,810
Capital Outlay .....	142	14,982	-14,840
Local Assistance .....	23,032,746	23,096,985	-64,239
Totals, Expenditures .....	\$30,698,912	\$30,889,801	-\$190,889
Total Effect of Changes on Reserves .....			-\$626,313
 <b>TOTAL CHANGES</b>			
Change in Reserves:			
Special Fund for Economic Uncertainties including Disaster Response			
—Operations Account .....	\$1,179,881	\$552,822	-\$627,059
Reserve for unencumbered balances of continuing appropriations .....	7,708	8,454	746
Total Reserves .....	\$1,187,589	\$561,276	-\$626,313



## Schedule 7

## GENERAL FUND

(In thousands)

## STATEMENT OF FINANCIAL CONDITION

June 30, 1986

	General Fund Balances	LIABILITIES	General Fund Balances
<b>ASSETS</b>			
Cash in State Treasury and agency accounts .....	\$722,824	Accounts payable .....	\$737,750
Receivables .....	98,566	Due to other funds .....	230,284
Due from other funds .....	1,114,458	Due to other governments .....	294,713
Advances to other governments .....	15,011	Accrued interest payable .....	55,793
Advances to other funds .....	6,200	Advance collections .....	35,353
Prepaid expenses .....	105,534	Deposits .....	15
Other assets .....	437	Other liabilities .....	22,844
<b>TOTAL OPERATING ASSETS .....</b>	<b>\$2,063,030</b>	<b>Total Liabilities .....</b>	<b>\$1,376,752</b>

## FUND BALANCE

Designated for Unencumbered Balances of Continuing Appropriations .....	\$243,120
Contingency Reserve for Economic Uncertainties .....	443,158
<b>TOTAL FUND BALANCE .....</b>	<b>\$686,278</b>
<b>TOTAL LIABILITIES AND FUND BALANCE .....</b>	<b>\$2,063,030</b>

## LONG-TERM OBLIGATIONS

Amount to be provided from future revenue and school districts for the retirement of long-term obligations .....	—
General obligation bonds .....	\$8,323,725
Less: self-liquidating bonds .....	4,390,210
Net general bonded debt .....	\$3,933,515
Interest payable in future years .....	2,244,771
Net Total Long-Term Obligations .....	\$6,178,286

## Schedule 8

# COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1985-86, 1986-87, AND 1987-88

(dollars in thousands)

Sources	Actual 1985-86		Estimated 1986-87		Estimated 1987-88	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
<b>MAJOR TAXES AND LICENSES</b>						
Excise Tax on Beer and Wine .....	29,892	-	29,600	-	29,600	-
Excise Tax on Distilled Spirits .....	102,369	-	104,000	-	104,000	-
Bank and Corporation (Income) Taxes .....	3,843,024	-	4,315,000	-	4,675,000	10,000
Cigarette Tax .....	80,879	-	180,000	77,000	180,000	77,000
Horse Racing Revenues .....	111,933	23,666	114,000	26,467	116,000	27,281
Inheritance Tax .....	252,811	-	270,000	-	367,000	-
Insurance Gross Premiums Tax .....	839,939	-	993,000	-	1,106,000	-
Trailer Coach License (In-Lieu) Fees .....	31,042	-	32,700	-	36,200	-
Motor Vehicle License (In-Lieu) Fees .....	1,490,803	-	1,655,000	-	1,855,000	-
Motor Vehicle Fuel Tax (Gasoline) .....	1,062,620	-	1,100,890	-	1,107,890	-
Motor Vehicle Fuel Tax (Diesel) .....	130,968	-	137,000	-	144,000	-
Motor Vehicle Registration .....	998,009	-	1,012,400	-	1,050,600	-
Personal Income Tax .....	11,418,720	-	12,800,000	-	13,200,000	-
Retail Sales and Use Taxes .....	10,202,041	115,889	10,730,000	-	10,898,000	477,000
<b>TOTALS, MAJOR TAXES AND LICENSES</b> .....	<b>26,981,981</b>	<b>3,933,876</b>	<b>29,535,600</b>	<b>4,041,457</b>	<b>30,675,600</b>	<b>4,784,971</b>
<b>MINOR REVENUES</b>						
<b>REGULATORY TAXES AND LICENSES</b>						
General Fish and Game Taxes .....	-	1,396	-	56,774	-	59,518
Quarterly Public Util Commission Fees .....	-	51,846	-	53,144	-	53,123
Liquor License Fees .....	30,766	-	31,045	-	31,338	-
Genetic Disease Testing Fees .....	-	11,267	-	18,187	-	21,510
Electrical Energy Tax .....	-	34,794	-	35,240	-	35,800
Other Regulatory Taxes .....	579	27,161	298	28,667	303	29,952
General Fish and Game Lic Tags Permits .....	-	49,118	-	-	-	-
Other Regulatory Licenses and Permits .....	22,979	99,581	29,576	156,446	31,267	163,770
Universal Telephone Service Tax .....	29,388	83,758	44,260	44,260	31,437	31,437
Other .....	-	164,257	25,669	139,409	29,943	248,667
<b>TOTALS</b> .....	<b>83,712</b>	<b>523,208</b>	<b>86,588</b>	<b>532,127</b>	<b>92,851</b>	<b>643,777</b>
<b>REVENUE FROM LOCAL AGENCIES</b>						
County Costs-Mentally Ill Patients .....	25,051	-	27,000	-	29,000	-
Architecture Public Building Fees .....	-	17,479	-	23,542	-	23,288
Penalties on Traffic Violations .....	12,126	96,193	-	103,563	-	108,700
Other .....	-	22,043	12,522	20,893	13,164	21,294
<b>TOTALS</b> .....	<b>37,177</b>	<b>135,715</b>	<b>39,522</b>	<b>147,998</b>	<b>42,164</b>	<b>153,282</b>
<b>SERVICES TO THE PUBLIC</b>						
Pay Patients Board Charges .....	33,068	-	25,686	-	27,396	-
State Beach and Park Service Fees .....	-	27,953	-	32,560	-	43,630
Emergency Telephone Users Surcharge .....	-	34,544	-	34,800	-	41,850
Repts Fr Hlth Care Deposit Fd (Abol 7/83) .....	28,674	-	38,751	-	28,043	-
California State University Fees .....	270,438	-	251,757	-	290,905	-
Personalized License Plates .....	42,759	24,970	19,717	23,590	-	23,983
Other .....	-	28,540	-	29,707	20,106	36,903
<b>TOTALS</b> .....	<b>374,939</b>	<b>116,007</b>	<b>335,911</b>	<b>120,657</b>	<b>366,450</b>	<b>146,366</b>
<b>USE OF PROPERTY AND MONEY</b>						
Income From Pooled Money Investments .....	518,987	1,752	450,000	-	380,000	545
Income From Surplus Money Investments .....	2,149	132,940	1	112,448	1	107,303
Federal Lands Royalties .....	-	31,735	-	24,052	-	24,861
Rentals of State Property .....	3,686	30,183	4,309	30,356	4,421	30,736
State Land Royalties .....	16,513	404,341	32,042	100,384	14,767	127,960
Other .....	-	15,612	5,491	13,902	5,915	17,811
<b>TOTALS</b> .....	<b>545,627</b>	<b>616,563</b>	<b>491,843</b>	<b>281,142</b>	<b>405,104</b>	<b>303,301</b>
<b>TOTALS</b> .....	<b>27,518</b>	<b>59,518</b>	<b>56,774</b>	<b>53,144</b>	<b>59,518</b>	<b>53,123</b>
<b>TOTALS</b> .....	<b>31,338</b>	<b>21,510</b>	<b>31,338</b>	<b>21,510</b>	<b>31,338</b>	<b>21,510</b>
<b>TOTALS</b> .....	<b>35,800</b>	<b>29,952</b>	<b>35,800</b>	<b>29,952</b>	<b>35,800</b>	<b>29,952</b>
<b>TOTALS</b> .....	<b>195,037</b>	<b>163,770</b>	<b>186,022</b>	<b>156,446</b>	<b>186,022</b>	<b>163,770</b>
<b>TOTALS</b> .....	<b>31,437</b>	<b>44,260</b>	<b>44,260</b>	<b>44,260</b>	<b>31,437</b>	<b>44,260</b>
<b>TOTALS</b> .....	<b>278,610</b>	<b>248,667</b>	<b>29,943</b>	<b>165,078</b>	<b>29,943</b>	<b>248,667</b>
<b>TOTALS</b> .....	<b>736,628</b>	<b>643,777</b>	<b>92,851</b>	<b>618,715</b>	<b>92,851</b>	<b>643,777</b>
<b>TOTALS</b> .....	<b>29,000</b>	<b>23,288</b>	<b>29,000</b>	<b>23,542</b>	<b>29,000</b>	<b>23,288</b>
<b>TOTALS</b> .....	<b>108,700</b>	<b>108,700</b>	<b>13,164</b>	<b>103,563</b>	<b>13,164</b>	<b>108,700</b>
<b>TOTALS</b> .....	<b>34,458</b>	<b>21,294</b>	<b>42,164</b>	<b>187,520</b>	<b>42,164</b>	<b>187,520</b>
<b>TOTALS</b> .....	<b>195,446</b>	<b>153,282</b>	<b>27,396</b>	<b>25,686</b>	<b>27,396</b>	<b>25,686</b>
<b>TOTALS</b> .....	<b>43,630</b>	<b>41,850</b>	<b>32,560</b>	<b>34,800</b>	<b>32,560</b>	<b>34,800</b>
<b>TOTALS</b> .....	<b>28,043</b>	<b>290,905</b>	<b>28,043</b>	<b>251,757</b>	<b>28,043</b>	<b>251,757</b>
<b>TOTALS</b> .....	<b>23,983</b>	<b>36,903</b>	<b>23,590</b>	<b>29,707</b>	<b>23,590</b>	<b>29,707</b>
<b>TOTALS</b> .....	<b>57,009</b>	<b>146,366</b>	<b>20,106</b>	<b>49,424</b>	<b>20,106</b>	<b>49,424</b>
<b>TOTALS</b> .....	<b>512,816</b>	<b>456,568</b>	<b>366,450</b>	<b>120,657</b>	<b>366,450</b>	<b>120,657</b>
<b>TOTALS</b> .....	<b>380,545</b>	<b>545</b>	<b>380,000</b>	<b>450,000</b>	<b>380,000</b>	<b>450,000</b>
<b>TOTALS</b> .....	<b>107,304</b>	<b>107,303</b>	<b>1</b>	<b>112,448</b>	<b>1</b>	<b>112,448</b>
<b>TOTALS</b> .....	<b>24,861</b>	<b>24,861</b>	<b>-</b>	<b>24,052</b>	<b>-</b>	<b>24,052</b>
<b>TOTALS</b> .....	<b>35,157</b>	<b>30,736</b>	<b>4,421</b>	<b>30,356</b>	<b>4,421</b>	<b>30,356</b>
<b>TOTALS</b> .....	<b>142,727</b>	<b>127,960</b>	<b>14,767</b>	<b>100,384</b>	<b>14,767</b>	<b>100,384</b>
<b>TOTALS</b> .....	<b>17,811</b>	<b>11,896</b>	<b>5,915</b>	<b>13,902</b>	<b>5,915</b>	<b>13,902</b>
<b>TOTALS</b> .....	<b>708,405</b>	<b>303,301</b>	<b>405,104</b>	<b>281,142</b>	<b>405,104</b>	<b>281,142</b>

**COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued**  
(dollars in thousands)

Appendix 23



# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1985-86, 1986-87, AND 1987-88

(In thousands of dollars)

	Actual 1985-86				Estimated 1986-87				Estimated 1987-88						
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
STATE OPERATIONS															
LEGISLATIVE, JUDICIAL, AND EXECUTIVE															
Legislative															
Senate	51,430	-403	51,027	-	-	59,044	403	59,447	-	-	61,793	-	61,793	-	-
Assembly	79,356	-191	79,165	-	-	88,482	191	88,673	-	-	92,180	-	92,180	-	-
Totals, Legislature	130,786	-594	130,192	-	-	147,526	594	148,120	-	-	153,973	-	153,973	-	-
Contributions to Legislator Retire Fund	817	-	817	-	-	900	-	900	-	-	990	-	990	-	-
Office of the Auditor General	7,802	-	7,802	-	-	9,194	-	9,194	-	-	9,633	-	9,633	-	-
Legislative Counsel Bureau	13,324	-	13,324	-	-	13,157	-	13,157	-	-	16,174	-	16,174	-	-
Totals, Legislative	152,729	-594	152,135	-	-	170,777	594	171,371	-	-	180,770	-	180,770	-	-
Judicial															
Judiciary	69,414	60	69,474	-	-	80,153	61	80,214	-	-	87,274	60	87,334	-	-
Contributions to Judges Retirement Fund	1,788	-	1,788	-	-	1,695	-	1,695	-	-	1,861	-	1,861	-	-
National Center for State Courts	50	-	50	-	-	100	-	100	-	-	99	-	99	-	-
Totals, Judicial	71,252	60	71,312	-	-	81,948	61	82,009	-	-	89,234	60	89,294	-	-
Executive/Governor															
Governor's Office	5,270	-	5,270	-	-	6,365	-	6,365	-	-	6,880	-	6,880	-	-
Secretary for State & Consumer Services	616	-	616	-	-	726	-	726	-	-	717	-	717	-	-
Sec for Business,Transportation,&Housing	371	1,993	2,364	-	-	368	699	1,067	-	-	364	583	947	-	-
Secretary for Health and Welfare	1,251	-	1,251	-	-	1,402	-	1,402	-	-	1,370	-	1,370	-	-
Secretary for Resources	1,127	120	1,247	-	-	1,255	368	1,623	-	-	1,242	90	1,332	-	-
Secretary for Youth & Adult Correctional	835	-	835	-	-	892	-	892	-	-	819	-	819	-	-
Office of California/Mexico Affairs	245	-	245	-	16	261	-	261	-	-	258	-	258	-	-
California State World Trade Commission	1,110	-	1,110	-	-	1,223	-	1,223	-	-	1,317	1,000	2,317	-	467
Office of Planning and Research	3,660	-	3,660	-	398	3,665	-	3,665	-	421	3,628	-	3,628	-	404
Office of Emergency Services	9,002	60	9,062	-	4,032	9,257	542	9,799	-	3,799	9,485	449	9,934	-	4,043
Totals, Executive/Governor	23,487	2,173	25,660	-	4,446	25,414	1,609	27,023	-	4,220	26,080	2,122	28,202	-	4,510
Executive/Constitutional Offices															
Office of the Lieutenant Governor	1,382	-	1,382	-	-	1,431	-	1,431	-	-	1,417	-	1,417	-	-
Department of Justice	124,807	24,202	149,009	-	6,949	152,293	27,893	180,186	-	7,648	152,609	28,531	181,140	-	11,045
State Controller	53,353	2,747	56,100	-	673	57,507	2,816	60,323	-	1,231	56,687	2,657	59,344	-	1,129
State Board of Equalization	86,113	6,016	92,129	-	-	97,605	6,914	104,519	-	-	100,387	6,354	106,741	-	-
Secretary of State	16,430	-	16,430	-	-	19,607	-	19,607	-	-	22,647	-	22,647	-	-
State Treasurer	4,141	-	4,141	-	-	5,131	-	5,131	-	-	6,031	-	6,031	-	-
California Debt Advisory Commission	694	-	694	-	-	2,193	-	2,193	-	-	871	-	871	-	-
California Debt Limit Allocation Commit	123	-	123	-	-	144	-	144	-	-	169	-	169	-	-
Calif Industrial Dev Financing Adv Comm	-	263	263	-	-	-	316	316	-	-	-	352	352	-	-
Mortgage Bond Allocation Committee	-	14	14	-	-	-	15	15	-	-	-	16	16	-	-
Self-Esteem Personal Social Responsibility	-	-	-	-	-	123	-	123	-	-	244	-	244	-	-
Totals, Executive/Constitutional Offices	286,379	33,936	320,315	-	7,622	333,841	40,147	373,988	-	8,879	340,191	38,781	378,972	-	12,174
TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE	533,847	35,575	569,422	-	12,068	611,980	42,411	654,391	-	13,099	636,275	40,963	677,238	-	16,684
STATE AND CONSUMER SERVICES															
Museum of Science and Industry	8,634	-	8,634	-	-	8,305	-	8,305	-	-	8,354	-	8,354	-	-
Department of Consumer Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Board of Accountancy	-	2,536	2,536	-	-	-	2,997	2,997	-	-	-	3,352	3,352	-	-
Board of Architectural Examiners	-	1,590	1,590	-	-	-	1,702	1,702	-	-	-	2,233	2,233	-	-
Athletic Commission	621	-	621	-	-	656	156	812	-	-	670	152	822	-	-
Bureau of Automotive Repair	-	31,875	31,875	-	-	-	35,189	35,189	-	-	-	34,359	34,359	-	-
Board of Barber Examiners	-	634	634	-	-	-	793	793	-	-	-	819	819	-	-
Board of Behavioral Science Examiners	-	850	850	-	-	-	1,094	1,094	-	-	-	1,275	1,275	-	-
Cemetery Board	-	262	262	-	-	-	275	275	-	-	-	287	287	-	-
Total Bureau of Collection & Invest Serv	-	2,841	2,841	-	-	-	3,534	3,534	-	-	-	3,553	3,553	-	-
Contractors State License Board	-	19,099	19,099	-	-	-	22,445	22,445	-	-	-	23,331	23,331	-	-
Board of Cosmetology	-	2,956	2,956	-	-	-	3,119	3,119	-	-	-	3,031	3,031	-	-
Board of Dental Examiners	-	2,716	2,716	-	-	-	2,882	2,882	-	-	-	3,298	3,298	-	-
Bureau of Electronic & Appliance Repair	-	1,061	1,061	-	-	-	1,117	1,117	-	-	-	1,147	1,147	-	-
Bureau of Personnel Services	-	593	593	-	-	-	642	642	-	-	-	659	659	-	-
Board of Fabric Care	-	827	827	-	-	-	505	505	-	-	-	-	-	-	-

## Schedule 9

## Schedule 9



# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND

## FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued

(Figures in thousands)

	Actual 1985-86			Estimated 1986-87			Estimated 1987-88		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
<b>RESOURCES</b>									
Special Resources Program .....	500	-	500	-	525	-	520	-	520
California Tahoe Conservancy .....	526	-	526	-	758	-	750	-	750
St Assist Fd Energy Ca Bus Industry Dev ..	159	-	159	-	168	-	174	-	174
California Conservation Corps .....	33,218	4,922	38,140	-	5,099	-	36,882	-	42,020
Energy Resources Conservation & Dev Com	-	35,297	35,297	5,810	43,535	-	75,530	-	30,924
Renewable Resources Investment Program ..	-	2,907	2,907	-	2,452	-	2,453	-	2,453
California Waste Management Board .....	3,891	94	3,985	-	4,255	-	4,175	-	4,175
Air Resources Board .....	5,909	39,116	45,025	2,221	43,007	48,870	5,815	43,406	49,221
Colorado River Board of California .....	218	9	227	-	237	10	244	-	254
Department of Conservation .....	14,275	3,236	17,511	650	4,866	23,262	8,818	104,003	112,821
Department of Forestry and Fire Protect ..	220,386	3,541	223,927	2,542	209,484	213,137	4,890	198,879	203,151
State Lands Commission .....	167,746	150	167,896	14,625	13,101	13,101	13,698	-	13,698
Seismic Safety Commission .....	1,150	-	1,150	520	1,310	-	373	697	697
Dept of Fish and Game .....	13,467	68,239	81,706	11,178	73,766	83,639	10,155	74,268	84,423
Wildlife Conservation Board .....	-	477	477	-	636	636	664	-	664
Dept of Boating & Waterways .....	849	-	849	54	258	-	481	-	255
California Coastal Commission .....	5,619	329	5,948	1,672	6,329	-	2,173	6,272	6,577
State Coastal Conservancy .....	398	-	398	-	-	-	-	-	-
Dept of Parks and Recreation .....	75,014	41,650	116,664	968	45,506	124,509	1,677	53,371	130,936
Santa Monica Mountains Conservancy .....	318	-	318	-	246	246	244	-	244
San Francisco Bay Conserv & Develop Com	1,259	-	1,259	-	1,472	-	1,385	-	1,385
Department of Water Resources .....	36,350	15,367	51,717	620	29,961	35,965	6,780	29,027	37,667
State Water Resources Control Board .....	28,389	1,314	29,703	13,736	35,921	39,522	17,398	29,911	37,118
General Obligation Bonds .....	203,060	-	203,060	-	221,103	-	227,440	-	227,440
<b>TOTALS, RESOURCES</b>	<b>661,542</b>	<b>216,807</b>	<b>878,349</b>	<b>39,971</b>	<b>676,673</b>	<b>232,647</b>	<b>131,529</b>	<b>652,014</b>	<b>983,460</b>
<b>HEALTH AND WELFARE</b>									
State Council Developmental Disabilities .....	-	-	-	3,921	753	-	4,185	-	893
Emergency Medical Services Authority .....	709	-	709	171	2,943	-	276	-	2,943
Health and Welfare Agency Data Center ..	-	-	-	-	2,943	-	-	-	-
Office Statewide Health Planning-Develop ..	11,783	12,927	24,710	1,570	20,676	378	1,522	19,895	21,417
Department of Aging .....	13,450	13,450	26,900	2,300	5,095	2,354	4,811	-	4,811
Commission on Aging .....	200	200	400	194	236	207	234	-	234
Dept of Alcohol and Drug Programs .....	7,116	498	7,614	2,222	572	7,794	7,150	668	7,818
Child Development Prgms Advisory Committ	170	-	170	-	214	-	213	-	213
Dept of Health Services .....	130,596	38,425	169,021	242,935	148,426	223,519	316,978	84,755	216,502
California Medical Assistance Commissio ..	769	-	769	-	887	-	894	-	894
Dept of Developmental Services .....	18,117	206	18,323	75	18,965	95	20,390	190	20,390
Dept of Mental Health .....	292,174	292,174	584,348	1,007	321,935	566	337,723	715	338,438
Employment Development Dept .....	34,210	21,992	56,202	377,296	28,856	58,584	438,341	28,941	58,237
Dept of Rehabilitation .....	18,978	-	18,978	91,570	19,178	19,178	99,638	18,689	18,689
Dept of Social Services .....	68,138	1,857	69,995	149,439	78,611	-31	143,489	72,022	72,053
California Health Facilities Commission ..	-	-	-	-	-	-	-	-	-
General Obligation Bonds .....	570	-	570	-	6,129	-	5,867	-	5,867
<b>TOTALS, HEALTH AND WELFARE</b>	<b>586,341</b>	<b>74,761</b>	<b>661,102</b>	<b>873,034</b>	<b>641,350</b>	<b>127,071</b>	<b>1,009,371</b>	<b>626,318</b>	<b>763,513</b>
<b>YOUTH AND ADULT CORRECTIONAL</b>									
AGENCY									
Dept of Corrections .....	937,532	2,555	940,087	61	1,196,678	15,864	1,325,378	13,298	1,338,666
Board of Corrections .....	364	1,302	1,666	8	490	1,581	485	1,581	2,066
Board of Prison Terms .....	7,167	-	7,167	-	8,030	-	8,479	-	8,479
Youthful Offender Parole Board .....	2,691	-	2,691	-	2,821	-	2,782	-	2,782
Dept of Youth Authority .....	227,923	-	227,923	718	252,273	1,100	259,966	-	259,966
General Obligation Bonds .....	90,356	-	90,356	-	134,696	-	172,352	-	172,352
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>EDUCATION</b>									
K thru 12 Education .....	81,827	1,937	83,764	37,730	87,889	2,344	88,436	2,885	91,321
Department of Education .....	56	-	56	225	58	-	69	-	69
Calif State Council on Vocational Educ .....	-	-	-	113	-	-	151	-	-
Calif Occupational Info Coord Committee ..	-	6,758	6,758	-	7,978	-	-	9,073	-
Commission on Teacher Credentialing .....	62,482	-	62,482	-	91,348	-	116,180	-	116,180
General Obligation Bonds .....	144,365	8,695	153,060	38,068	179,295	10,322	204,655	11,958	216,643
Totals, K thru 12 Education .....									
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	<b>1,266,033</b>	<b>3,857</b>	<b>1,269,890</b>	<b>787</b>	<b>1,594,988</b>	<b>18,545</b>	<b>1,765,442</b>	<b>14,869</b>	<b>1,784,311</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL A</b>									



(Figures in thousands)

**TOTALS, OTHER GOVERNMENTAL UNITS \***

# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued

(Figures in thousands)

	Actual 1985-86			Estimated 1986-87			Estimated 1987-88		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
<b>OTHER GOVERNMENTAL SERVICES</b>									
Debt Service									
Bond Interest and Redemption	-	-	-	-	-	-	-	-	-
Payment of Interest on Gen Fund Loans	107,340	-	107,340	117,400	-	117,400	80,500	-	80,500
Totals Debt Service	107,340	-	107,340	117,400	-	117,400	80,500	-	80,500
Unclassified									
Health Benefits for Annuitants	107,923	-	107,923	117,731	-	117,731	126,505	-	126,505
Legislative Claims	6,314	3,062	9,376	7,715	88	7,803	-	-	-
Working Capital Advances	12,096	-	12,096	-	-	-	-	-	-
Totals, Unclassified	126,333	3,062	129,395	125,446	88	125,534	126,505	-	126,505
General Obligation Bonds									
General Obligation Bonds	43,976	-	43,976	43,200	-	43,200	40,654	-	40,654
Totals, General Obligation Bonds	43,976	-	43,976	43,200	-	43,200	40,654	-	40,654
Unallocated									
Augmentation for Employee Compensation	-	-	-	-	-	-	61,371	28,930	90,301
Payment of Specified Attorney Fees	366	47	413	1,500	1,500	3,000	505	150	655
Reserve for Contingencies Or Emergency	-	-	-	-	-	-	1,500	1,500	3,000
Totals, Unallocated	366	47	413	1,500	1,500	3,000	63,376	30,580	93,956
Savings									
Statewide Gen. Adm Exp (Pro Rata)	-90,272	299	-89,973	-103,451	77	-103,374	-104,407	161	-104,246
General Fund Credits From Federal Funds	-19,000	-	-19,000	-18,000	-	-18,000	-21,418	-	-21,418
Estimated Unidentifiable Savings	-	-	-	-133,652	-	-133,652	-30,000	-	-30,000
Totals Savings	-109,272	299	-108,973	-255,103	77	-255,026	-155,825	161	-155,664
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	<b>168,743</b>	<b>3,408</b>	<b>172,151</b>	<b>32,443</b>	<b>1,665</b>	<b>34,108</b>	<b>155,210</b>	<b>30,741</b>	<b>185,951</b>
<b>NOT CLASSIFIED BY AGENCY</b>									
Not Classified By Subagency	-	-	-	-	-	-	-	-	-
Budget Act Control Section 3.60-PERS rate reduction	-	-	-	-	-	-	-30,208	-10,800	-41,008
Totals, Not Classified By Subagency	-	-	-	-	-	-	-30,208	-10,800	-41,008
<b>TOTALS, NOT CLASSIFIED BY AGENCY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-30,208</b>	<b>-10,800</b>	<b>-41,008</b>
<b>TOTALS, STATE OPERATIONS</b>	<b>7,125,370</b>	<b>2,550,219</b>	<b>9,383,589</b>	<b>7,777,834</b>	<b>2,515,753</b>	<b>10,293,587</b>	<b>8,188,128</b>	<b>2,892,166</b>	<b>10,880,294</b>
			<b>13,716</b>	<b>4,177,635</b>	<b>25,007</b>	<b>4,539,309</b>			<b>22,301</b>
									<b>4,606,753</b>
<b>LOCAL ASSISTANCE</b>									
LEGISLATIVE, JUDICIAL, AND EXECUTIVE									
Judicial									
Judiciary	131	-	131	243	-	243	243	-	243
Contributions to Judges Retirement Fund	21,308	-	21,308	21,371	-	21,371	23,803	-	23,803
Salaries of Superior Court Judges	48,605	-	48,605	53,297	-	53,297	54,079	-	54,079
St Block Grant for Sup Court Judgeships	11,290	-	11,290	13,560	-	13,560	13,500	-	13,500
Totals Judicial	81,324	-	81,324	88,471	-	88,471	91,625	-	91,625
Executive/Governor									
Office of Planning and Research	-	-	-	-	-	-	-	-	-
Office of Emergency Services	5,633	34	5,667	-	26,443	26,443	-	5,616	5,616
Totals Executive/Governor	5,633	34	5,667	26,443	26,443	52,886	-	5,616	5,616
Executive/Constitutional Offices									
Department of Justice	-	-	-	655	500	1,155	1,310	500	1,810
Calif Pollution Control Financing Auth	2,600	-	2,600	-	-	-	-	2,789	2,789
California Health Facilities Authority	10,000	-	10,000	-	-	-	-	-	-
Simon Wiesenthal Cntr-Museum of Toleran	5,000	-	5,000	-	-	-	-	-	-
Totals Executive/Constitutional Offices	7,600	7,400	15,000	655	500	1,155	1,310	3,289	4,599
State Mandated Local Costs									
State Mandated Local Costs	17,789	-	17,789	32,020	-	32,020	222	-	222
Totals, State Mandated Local Costs	17,789	-	17,789	32,020	-	32,020	222	-	222
<b>TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE</b>	<b>112,346</b>	<b>7,434</b>	<b>119,780</b>	<b>121,146</b>	<b>26,943</b>	<b>148,089</b>	<b>93,157</b>	<b>8,905</b>	<b>102,062</b>
									<b>41,783</b>







# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued

(Figures in thousands)

	Actual 1985-86				Estimated 1986-87				Estimated 1987-88			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds
Dept of Developmental Services .....	344,736	4,988	349,724	-	860	427,135	4,010	431,145	-	944	452,369	3,565
Dept of Mental Health .....	459,000	695	459,695	-	15,357	497,240	-	497,240	-	19,343	496,093	-
Employment Development Dept .....	10,444	-	10,444	-	2,350,039	-	-	-	-	2,447,493	-	-
Dept of Rehabilitation .....	57,385	-	57,385	-	300	62,407	-	62,407	-	135	65,599	-
Dept of Social Services .....	-	-	-	-	-	-	-	-	-	-	-	-
SSI/SSP Grants .....	1,407,724	-	1,407,724	-	8,142	1,637,517	-	1,637,517	-	10,633	1,726,429	-
Payments for Children .....	1,789,787	-	1,789,787	-	1,905,383	1,952,302	-	1,952,302	-	1,971,079	1,951,127	-
Special Adult Programs .....	2,565	-	2,565	-	12	2,516	-	2,516	-	75	3,108	-
Social Service Programs .....	306,636	-	306,636	-	396,802	430,584	-	430,584	-	481,257	520,739	-
Refugee Programs .....	-	-	-	-	52,110	-	-	-	-	47,429	-	-
Community Care Licensing .....	8,300	-	8,300	-	7,997	7,997	-	7,997	-	8,383	8,383	-
County Administration .....	124,965	-	124,965	-	2,846	140,326	-	140,326	-	379,735	156,863	-
Special Adjustment: Cost-Of-Living .....	-	-	-	-	342,142	-	-	-	-	76,293	76,293	-
Totals, Dept of Social Services .....	3,639,977	-	3,639,977	-	2,707,437	4,171,242	-	4,171,242	-	2,894,280	4,442,942	-
State Mandated Local Costs .....	4,652	-	4,652	-	4,652	4,931	-	4,931	-	138	138	-
<b>TOTALS, HEALTH AND WELFARE .....</b>	<b>8,056,637</b>	<b>10,647</b>	<b>8,067,284</b>	<b>119,376</b>	<b>7,640,654</b>	<b>8,832,783</b>	<b>4,010</b>	<b>8,836,793</b>	<b>118,194</b>	<b>8,055,817</b>	<b>8,665,262</b>	<b>4,005</b>
<b>YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>34,110</b>	<b>9,010</b>	<b>43,120</b>	<b>119,376</b>	<b>-</b>	<b>29,243</b>	<b>10,499</b>	<b>39,742</b>	<b>118,194</b>	<b>-</b>	<b>30,251</b>	<b>10,849</b>
Dept of Corrections .....	-	-	-	-	-	-	-	-	-	-	-	-
Board of Corrections .....	-	-	-	-	-	-	-	-	-	-	-	-
Dept of Youth Authority .....	-	-	-	-	-	-	-	-	-	-	-	-
Transportation of Wards .....	81	-	81	-	-	95	-	95	-	-	95	-
Delinquency Prevention .....	2,294	-	2,294	-	-	2,307	-	2,307	-	-	2,307	-
Asst to Counties for Detention of Youths ..	3,367	-	3,367	-	-	3,211	-	3,211	-	-	3,211	-
County Justice Subvention Program .....	66,632	-	66,632	-	-	67,298	-	67,298	-	-	67,298	-
Regional Youth Education Centers .....	500	-	500	-	-	500	-	500	-	-	500	-
County Correctional Facility (Juvenile Fac) ..	-	-	-	-	-	-	-	-	-	-	-	-
Totals, Dept of Youth Authority .....	72,864	-	72,864	-	-	73,411	-	73,411	-	-	72,911	-
State Mandated Local Costs .....	-	-	-	-	-	121	-	121	-	-	19,800	-
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>EDUCATION .....</b>	<b>196,447</b>	<b>852</b>	<b>197,299</b>	<b>-</b>	<b>7,725</b>	<b>219,823</b>	<b>-</b>	<b>219,823</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
Department of Education .....	-	-	-	-	-	-	-	-	-	-	-	-
Adult Education .....	-	-	-	-	-	-	-	-	-	-	-	-
American Indian Education Centers .....	852	-	852	-	-	861	-	861	-	-	861	-
Appointments - County Offices .....	92,133	-	92,133	-	-	100,954	-	100,954	-	-	99,043	-
Appointments - Districts .....	7,380,317	-	7,380,317	-	-	8,053,313	-	8,053,313	-	-	8,063,148	-
Appointments - ROC/P .....	199,894	-	199,894	-	-	209,981	-	209,981	-	-	211,816	-
Child Development .....	296,409	-	296,409	-	2,119	296,030	-	296,030	-	2,140	296,030	-
Child Nutrition .....	31,315	-	31,315	-	400,418	38,592	-	38,592	-	426,420	38,592	-
Cost-Of-Living Adjustment .....	-	-	-	-	-	-	-	-	-	-	-	-
Curriculum Services .....	28,953	-	28,953	-	-	27,671	-	27,671	-	-	158,815	-
Demo Programs in Reading and Mathematics ..	4,240	-	4,240	-	-	4,367	-	4,367	-	-	26,720	-
Desegregation - Court Ordered .....	201,660	-	201,660	-	-	274,693	-	274,693	-	-	4,367	-
Desegregation - Voluntary .....	81,479	-	81,479	-	-	88,689	-	88,689	-	-	267,803	-
Developmental Disabilities .....	468	-	468	-	-	677	-	677	-	-	55,815	-
Driver Training .....	-	-	-	-	-	-	-	-	-	-	177	-
Ecia Chapter 1 (Compensatory Education) ..	-	-	-	-	291,656	-	-	-	-	-	19,500	-
Ecia Chapter II - Block Grant .....	-	-	-	-	40,498	-	-	-	-	-	-	-
Economic Impact Aid Program (EIA) .....	195,627	-	195,627	-	-	197,577	-	197,577	-	-	106,157	-
Education Improvement Incentive Program ..	14,680	-	14,680	-	-	990	-	990	-	-	-	-
Emergency Feeding Program (PL98-8) .....	-	-	-	-	3,893	-	-	-	-	950	-	-
Environmental Education .....	-	-	-	-	-	-	-	-	-	-	-	-
Gifted and Talented Education Programs ..	20,034	-	20,034	-	-	21,236	-	21,236	-	-	604	-
Home to School Transportation .....	289,281	-	289,281	-	-	291,948	-	291,948	-	3,000	291,948	-
Instructional Materials (9-12) .....	21,150	-	21,150	-	7,540	22,173	-	22,173	-	-	22,418	-
Instructional Materials (K-8) .....	66,120	-	66,120	-	-	70,432	-	70,432	-	620	73,060	-
Library Services .....	29,288	-	29,288	-	8,955	31,608	-	31,608	-	12,000	31,608	-
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, HEALTH AND WELFARE .....</b>	<b>8,056,637</b>	<b>10,647</b>	<b>8,067,284</b>	<b>119,376</b>	<b>7,640,654</b>	<b>8,832,783</b>	<b>4,010</b>	<b>8,836,793</b>	<b>118,194</b>	<b>8,055,817</b>	<b>8,665,262</b>	<b>4,005</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>	<b>225,372</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>106,974</b>	<b>9,010</b>	<b>115,984</b>	<b>119,376</b>	<b>-</b>	<b>102,775</b>	<b>10,499</b>	<b>113,274</b>	<b>118,194</b>	<b>-</b>	<b>103,162</b>	<b>10,849</b>
<b>TOTALS, EDUCATION .....</b>	<b>8,557</b>	<b>852</b>	<b>8,642</b>	<b>-</b>	<b>8,557</b>	<b>225,372</b>	<b>-</b>					

## COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND

FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued

(Figures in thousands)

	Actual 1985-86				Estimated 1986-87				Estimated 1987-88			
	General Fund	Special funds	Selected Bond funds	Federal Fund	General Fund	Special funds	Selected Bond funds	Federal Fund	General Fund	Special funds	Selected Bond funds	Federal Funds
Loan Repayments From School Districts ..	-3,517	-113	-3,630	-	-	-	-	-	-2,151	-113	-	-
Mende Aid .....	10,332	-	10,332	-	5,218	-	5,218	-	-	-	-	-
Ecia Chapter 1 (Migrant) .....	19,290	-	19,290	73,750	-	-	-	79,817	-	-	-	79,817
Miller-Unruh Reading Program .....	361	-	361	-	19,869	-	19,869	-	-	-	-	-
Native American Indian Education .....	-	-	-	18,554	365	-	365	-	-	-	-	-
Refugees and Immigrant Programs .....	214,531	-	214,531	-	224,865	-	224,865	20,340	224,865	-	-	20,340
School Improvement Programs (SIP) .....	878,764	-	878,764	97,179	982,108	-	982,108	101,435	1,050,226	-	-	113,917
Staff Development .....	82,892	-	82,892	5,523	86,054	-	86,054	2,405	89,397	-	-	5,448
Supplementary Program Services .....	6,295	-	6,295	-	20,151	-	20,151	380	17,672	-	-	-
Tenth Grade Counseling .....	7,271	-	7,271	-	7,603	-	7,603	-	7,603	-	-	-
Urban Impact Aid .....	75,445	-	75,445	-	38,100	-	38,100	-	-	-	-	-
Vocational Education .....	4,355	-	4,355	63,157	6,100	-	6,100	72,660	10,700	-	-	63,215
Year-Round School Incentives .....	3,639	-	3,639	-	3,639	-	3,639	-	15,000	-	-	-
Youth Suicide Prevention Program .....	312	-	312	-	315	-	315	-	-	-	-	-
Class Size Reduction .....	-	-	-	-	-	-	-	-	60,000	-	-	-
Education Assistance .....	-	-	-	-	-	-	-	-	-	-	-	-
Totals, Department of Education .....	10,450,317	37,399	10,487,716	1,020,977	11,336,544	32,240	11,368,784	1,064,256	11,481,577	47,741	-	1,065,386
Contributions to Teachers' Retirement Fund .....	418,209	-	418,209	-	464,843	-	464,843	-	507,385	-	-	-
State School Building Safety Program .....	-	-740	-740	-	-	-745	-	-	-	-745	-	-
School Facilities Aid Program .....	87,667	27,091	114,758	250,000	4,950	202,100	207,050	51,941	94,246	18,559	400,000	33,171
Debt Service Public Sch Building Bonds .....	-87,667	1,900	-85,767	-	-90,259	2,000	-88,259	-	-89,246	2,000	-	-
State Mandated Local Costs .....	59,502	-	59,502	-	66,688	-	66,688	-	45,664	-	-	-
Totals, K thru 12 Education .....	10,923,023	65,650	10,993,678	1,020,977	11,782,766	235,595	12,018,361	1,116,197	12,039,626	67,555	400,000	1,098,557
Higher Education .....	-	-	-	-	-	-	-	-	-	-	-	-
Cal Postsecondary Education Commission .....	-	-	-	2,428	-	-	-	1,120	-	-	-	1,083
Bd of Governors of Calif Comm Colleges .....	-	-	-	-	-	-	-	-	-	-	-	-
Apportionments for Community Colleges .....	1,093,957	3,143	1,097,100	-	1,113,455	2,085	1,115,540	-	1,104,547	2,206	-	-
Partial State Support - Academic Senate .....	73	-	73	-	110	-	110	-	110	-	-	-
Extended Opportunity Program .....	27,684	-	27,684	-	28,399	-	28,399	-	28,399	-	-	-
Disabled Students .....	24,956	-	24,956	-	24,844	-	24,844	-	25,961	-	-	-
Instructional Improvement .....	283	-	283	-	536	-	536	-	536	-	-	-
Deferred Maintenance and Special Repairs .....	6,973	4,971	11,944	-	12,697	29	12,726	-	12,670	-	-	-
Vocational Education .....	353	-	353	-	1,050	-	1,050	-	1,050	-	-	-
Instruc Equip Replace & Lib Materials .....	-	26,100	26,100	-	-	-	-	35,000	12,000	-	-	-
Board Financial Aid Program .....	8,565	-	8,565	-	11,100	-	11,100	-	13,330	-	-	-
Foster Parent Training Programs .....	-	-	-	-	900	-	900	-	900	-	-	-
Transfer Centers and Articulation .....	1,766	-	1,766	-	1,818	-	1,818	-	1,883	-	-	-
Hazardous Substances .....	-	-	-	-	-	-	-	-	5,000	-	-	-
Matriculation .....	-	-	-	-	-	-	-	-	6,900	-	-	-
Totals, Bd of Governors of Calif Comm Colleges .....	1,164,610	34,214	1,198,824	-	1,194,909	2,114	1,197,023	-	1,213,286	2,206	-	-
Student Aid Commission .....	100,074	-	100,074	-	112,906	-	112,906	-	118,339	-	-	-
Totals, Higher Education .....	1,264,684	34,214	1,298,898	-	1,307,815	2,114	1,309,929	-	1,331,625	2,206	-	-
TOTALS, EDUCATION .....	12,192,712	99,864	12,292,576	1,035,120	13,090,581	237,709	13,328,290	1,130,042	13,371,251	69,761	400,000	1,112,365
OTHER GOVERNMENTAL UNITS .....	-	-	-	-	-	-	-	-	-	-	-	-
Civil and Criminal Justice .....	-	-	-	-	-	-	-	-	-	-	-	-
Office of Criminal Justice Planning .....	20,477	11,024	31,501	4,214	26,474	12,514	38,988	-	23,897	13,128	-	11,411
Comm on Peace Officer Standards & Train .....	-	32,819	32,819	-	-	30,159	30,159	-	-	32,000	-	-
Assist to Counties for Defense of Indig .....	4,987	-	4,987	-	5,000	-	5,000	-	5,000	-	-	-
Pay to Court for Cost of Homicide Trial .....	914	-	914	-	2,000	-	2,000	-	2,000	-	-	-
Totals, Civil and Criminal Justice .....	26,378	43,843	70,221	4,214	33,474	42,673	76,147	-	30,897	45,128	-	11,411
Cultural Development .....	-	-	-	-	-	-	-	-	-	-	-	-
California Arts Council .....	9,321	-	9,321	864	9,982	-	9,982	873	10,000	-	-	844
Totals, Cultural Development .....	9,321	-	9,321	864	9,982	-	9,982	873	10,000	-	-	844
Labor .....	-	-	-	-	-	-	-	-	-	-	-	-
Disaster Service Workers .....	234	-	234	-	523	-	523	-	663	-	-	-
Totals, Labor .....	234	-	234	-	523	-	523	-	663	-	-	-
Regulatory .....	-	-	-	-	-	-	-	-	-	-	-	-
Dept of Food and Agriculture .....	12,443	25,591	38,034	-	11,776	36,039	47,815	2,000	11,325	25,389	-	-
Totals, Regulatory .....	12,443	25,591	38,034	-	11,776	36,039	47,815	2,000	11,325	25,389	-	-



# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued

(Figures in thousands)

	Actual 1985-86				Estimated 1986-87				Estimated 1987-88						
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Fund	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
General Administration	5,000	-5,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission on State Mandates .....	-	-	-	-	140,059	-	-	-	-	129,492	-	-	-	-	126,794
Department of Economic Opportunity .....	5,000	-5,000	-	-	140,059	-	-	-	-	129,492	-	-	-	-	126,794
Totals, General Administration .....	8,905	320	9,225	-	-	9,953	340	10,293	-	-	-	340	340	-	-
State Mandated Local Costs .....	8,905	320	9,225	-	-	9,953	340	10,293	-	-	-	340	340	-	-
Totals, State Mandated Local Costs .....	62,281	64,754	127,035	-	145,137	65,708	79,052	144,760	-	146,125	52,885	70,857	123,742	-	139,049
TOTALS, OTHER GOVERNMENTAL UNITS ...															
OTHER GOVERNMENTAL SERVICES															
Tax Relief															
General Tax Relief	6,377	-	6,377	-	-	5,161	-	5,161	-	-	4,166	-	4,166	-	-
Senior Citizens Property Tax Assistance ..	4,651	-	4,651	-	-	7,000	-	7,000	-	-	7,000	-	7,000	-	-
Senior Citizens Property Tax Deferral .....	28,876	-	28,876	-	-	24,583	-	24,583	-	-	19,602	-	19,602	-	-
Senior Citizens Renters' Tax Assistance .....	333,829	-	333,829	-	-	338,200	-	338,200	-	-	343,273	-	343,273	-	-
Homeowners' Property Tax Relief .....	13,822	-	13,822	-	-	14,200	-	14,200	-	-	14,200	-	14,200	-	-
Subventions for Open Space .....	452,570	-	452,570	-	-	466,000	-	466,000	-	-	475,000	-	475,000	-	-
Renters' Tax Relief .....	102	-	102	-	-	120	-	120	-	-	126	-	126	-	-
Substandard Housing .....	3,215	-	3,215	-	-	102	-	102	-	-	-	-	-	-	-
Energy Tax Credits .....	843,442	-	843,442	-	-	855,366	-	855,366	-	-	863,367	-	863,367	-	-
Totals, General Tax Relief .....	99,291	-	99,291	-	7,360	87,666	-	87,666	-	-	32,980	-	32,980	-	-
Local Government Financing .....	942,733	-	942,733	-	7,360	943,032	-	943,032	-	-	896,347	-	896,347	-	-
Totals, Tax Relief .....															
Revenue Distributions															
Shared Revenues															
Apportionment Hwy Prop Rental Receipts	3,375	-	3,375	-	-	-	3,720	3,720	-	-	-	3,770	3,770	-	-
Apportionment Off Highway License Fees	782	-	782	-	-	-	902	902	-	-	-	927	927	-	312
Apportionment Fed Receipts Flood Control	-	-	-	-	312	-	-	-	-	312	-	-	-	-	25,000
Apportionment Fed Receipts Forest Res ..	-	-	-	-	36,086	-	-	-	-	46,679	-	-	-	-	129
Apportionment Fed Receipts Grazing Land	-	-	-	-	139	-	-	-	-	129	-	-	-	-	2,400
Apportionment Fed Potash Lease Rentals	-	-	-	-	2,524	-	-	-	-	1,960	-	-	-	-	-
Apportionment of Trailer Coach Fees .....	17,402	-	17,402	-	-	16,488	-	16,488	-	-	15,684	-	15,684	-	-
Apportionment Motor Vehicle License Fee	1,428,929	-	1,428,929	-	-	1,428,929	-	1,571,970	-	-	1,776,270	-	1,776,270	-	-
Apportionment Cigarette Tax .....	80,879	-	80,879	-	-	77,000	-	77,000	-	-	77,000	-	77,000	-	-
Apportionment Tideland Revenues .....	466	-	466	-	-	450	-	450	-	-	450	-	450	-	-
Apportionment for County Roads .....	257,601	-	257,601	-	-	263,825	-	263,825	-	-	269,902	-	269,902	-	-
Apportionment for City Streets .....	184,306	-	184,306	-	-	194,568	-	194,568	-	-	194,288	-	194,288	-	-
Apportionment County Road & City Street	117,827	-	117,827	-	-	122,129	-	122,129	-	-	122,857	-	122,857	-	-
Financial Aid to Local Agencies .....	-	-	-	-	-	-	-	-	-	-	-	477,000	477,000	-	-
Apportionment of Geothermal Res Develop	3,870	-	3,870	-	-	3,268	-	3,268	-	-	-	3,270	3,270	-	-
Totals, Shared Revenues .....	466	2,094,971	2,095,437	-	39,061	450	2,253,870	2,254,320	-	49,080	450	2,940,968	2,941,418	-	27,841
Totals, Revenue Distributions .....	466	2,094,971	2,095,437	-	39,061	450	2,253,870	2,254,320	-	49,080	450	2,940,968	2,941,418	-	27,841
Unclassified															
Construction and Repair of Local St&Rd .....	125,000	-	125,000	-	125,000	76,500	-	76,500	-	-	-	64,757	64,757	-	-
Universal Telephone Service Program .....	41,062	-	41,062	-	-	64,741	-	64,741	-	-	-	64,757	64,757	-	-
Totals, Unclassified .....	125,000	41,062	166,062	-	125,000	76,500	64,741	141,241	-	-	-	64,757	64,757	-	-
State Mandated Local Costs .....	5,781	-	5,781	-	-	5,801	-	5,801	-	-	-	-	-	-	-
State Mandated Local Costs .....	5,781	-	5,781	-	-	5,801	-	5,801	-	-	-	-	-	-	-
Totals, State Mandated Local Costs .....	-	-	-	-	-	2,640	-	2,640	-	-	40,000	-	40,000	-	-
Various Unallocated .....	-	-	-	-	-	2,640	-	2,640	-	-	40,000	-	40,000	-	-
Totals, Unallocated .....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Unidentifiable Savings .....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals, Savings .....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS, OTHER GOVERNMENTAL SERVICES	1,073,980	2,136,033	3,210,013	-	171,421	858,423	2,318,611	3,177,034	-	49,080	766,797	3,005,725	3,772,522	-	27,841
TOTALS, LOCAL ASSISTANCE .....	21,649,236	2,556,167	24,207,403	499,207	9,345,002	23,096,985	2,952,354	26,049,339	758,629	9,825,559	23,075,446	3,380,245	26,455,685	804,140	9,634,546



## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND**  
**FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued**  
 (Figures in thousands)

	Actual 1985-86			Estimated 1986-87			Estimated 1987-88		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
<b>CAPITAL OUTLAY</b>									
<b>LEGISLATIVE, JUDICIAL, AND EXECUTIVE</b>									
Judicial .....	-	291	291	-	1,772	1,772	-	-	-
Totals, Judicial .....	-	291	291	-	1,772	1,772	-	-	-
Executive/Constitutional Offices .....	-	257	257	-	-	-	-	30	30
Department of Justice .....	-	112	112	-	-	-	-	50	50
State Board of Equalization .....	-	369	369	-	-	-	-	80	80
Totals, Executive/Constitutional Offices .....	-	738	738	-	-	-	-	160	160
<b>TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE .....</b>	<b>-</b>	<b>660</b>	<b>660</b>	<b>-</b>	<b>1,772</b>	<b>1,772</b>	<b>-</b>	<b>80</b>	<b>80</b>
<b>STATE AND CONSUMER SERVICES</b>									
Museum of Science and Industry .....	22	3,704	3,726	-	1,290	1,290	-	-	-
Dept of General Services .....	-	-	-	178	24,375	24,553	-	41,454	41,454
Department of Veterans Affairs .....	299	6,871	7,170	-	3,783	3,783	-	3,767	3,767
Veterans' Home of California .....	299	6,871	7,170	-	3,783	3,783	-	3,767	3,767
Totals, Department of Veterans Affairs .....	598	13,742	14,340	-	7,566	7,566	-	7,534	7,534
<b>TOTALS, STATE AND CONSUMER SERVICES .....</b>	<b>321</b>	<b>10,575</b>	<b>10,896</b>	<b>178</b>	<b>29,448</b>	<b>29,626</b>	<b>-</b>	<b>45,221</b>	<b>45,221</b>
<b>BUSINESS, TRANSPORTATION, AND HOUSING</b>									
Transportation .....	-	150,261	150,261	-	271,309	271,309	-	450,123	450,123
Dept of Transportation .....	-	2,324	2,324	-	12,081	12,081	-	9,936	9,936
Dept of the California Highway Patrol .....	-	1,444	1,444	-	3,090	3,090	-	5,831	5,831
Department of Motor Vehicles .....	-	154,029	154,029	-	286,480	286,480	-	465,890	465,890
Totals, Transportation .....	-	155,814	155,814	-	291,570	291,570	-	475,657	475,657
<b>TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING .....</b>	<b>-</b>	<b>154,029</b>	<b>154,029</b>	<b>-</b>	<b>286,480</b>	<b>286,480</b>	<b>-</b>	<b>465,890</b>	<b>465,890</b>
<b>RESOURCES</b>									
California Tahoe Conservancy .....	-	1,150	1,150	-	150	150	-	966	966
California Conservation Corps .....	-	584	584	-	1,088	1,088	-	183	183
Air Resources Board .....	-	2,381	2,381	-	2,111	2,186	-	408	408
Department of Forestry and Fire Protect .....	-	80	80	75	-	-	-	314	314
State Lands Commission .....	19	200	219	135	253	388	-	1,333	1,333
Dept of Fish and Game .....	-	4,399	4,399	-	5,127	5,127	-	1,842	1,842
Wildlife Conservation Board .....	-	10,550	10,557	-	39,884	40,327	-	34,808	34,808
State Coastal Conservancy .....	107	8,021	8,128	443	3,367	3,567	-	8,684	8,684
Dept of Parks and Recreation .....	-	15,499	15,499	-	856	1,072	-	14,500	14,500
Santa Monica Mountains Conservancy .....	42	42,864	43,032	216	53,036	53,905	-	21,623	21,623
Department of Water Resources .....	168	11,334	11,334	869	42,019	42,091	-	200,905	200,905
<b>TOTALS, RESOURCES .....</b>	<b>327</b>	<b>88,348</b>	<b>88,670</b>	<b>1,269</b>	<b>107,519</b>	<b>107,598</b>	<b>-</b>	<b>282,330</b>	<b>282,330</b>
<b>HEALTH AND WELFARE</b>									
Dept of Health Services .....	-	655	655	-	987	987	-	1,505	1,505
Dept of Developmental Services .....	-	8,562	8,562	72	7,036	7,108	-	13,203	13,203
Dept of Mental Health .....	-	2,117	2,117	-	33,802	33,802	-	23,543	23,543
Employment Development Dept .....	-	-	-	-	194	194	-	101	101
Totals, Health and Welfare .....	-	11,334	11,334	72	42,019	42,091	-	38,352	38,352
<b>YOUTH AND ADULT CORRECTIONAL AGENCY</b>									
Dept of Corrections .....	66,218	10,506	76,724	13,437	20,068	33,505	-	-	-
Dept of Youth Authority .....	-	3,739	3,739	58	2,227	2,285	-	927	927
Totals, Youth and Adult Correctional Agency .....	66,218	14,245	80,463	13,495	22,295	35,790	-	927	927
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>66,218</b>	<b>14,245</b>	<b>80,463</b>	<b>13,495</b>	<b>22,295</b>	<b>35,790</b>	<b>-</b>	<b>927</b>	<b>927</b>
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....</b>	<b>66,218</b>	<b>14,245</b>	<b>80,463</b>	<b>13,495</b>	<b>22,295</b>	<b>35,790</b>	<b>-</b>	<b>927</b>	<b>927</b>

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND**  
**FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued**  
 (Figures in thousands)

	Actual 1985-86			Estimated 1986-87			Estimated 1987-88		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
<b>EDUCATION</b>									
K thru 12 Education									
Department of Education	-	159	159	-	-	-	-	-	-
Totals, K thru 12 Education	-	159	159	-	-	-	-	-	-
Higher Education									
University of California	-	44,969	44,969	-	3,519	3,519	-	86,575	86,575
California State University	-	25,810	25,810	-	22,147	22,147	-	78,885	78,885
California Maritime Academy	-	144	144	-	-	-	-	335	335
Bd of Governors of Calif Comm Colleges	-	46,050	46,050	-	6,515	6,515	-	32,731	32,731
Totals, Higher Education	-	116,973	116,973	-	32,181	32,181	-	198,526	198,526
<b>TOTALS, EDUCATION</b>	-	<b>117,132</b>	<b>117,132</b>	-	<b>32,181</b>	<b>32,181</b>	-	<b>198,526</b>	<b>198,526</b>
<b>OTHER GOVERNMENTAL UNITS</b>									
Labor									
Dept of Industrial Relations	-	-	-	-	29	29	-	448	448
Totals, Labor	-	-	-	-	29	29	-	448	448
Regulatory									
Dept of Food and Agriculture	-	9,076	9,076	-	1,448	1,448	-	1,033	1,033
Totals, Regulatory	-	9,076	9,076	-	1,448	1,448	-	1,033	1,033
General Administration	-	696	696	-	447	447	-	333	333
Military Department	-	696	696	-	447	447	-	333	333
Totals, General Administration	-	9,772	9,772	-	1,924	1,924	-	1,814	1,814
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	<b>9,772</b>	<b>9,772</b>	-	<b>1,924</b>	<b>1,924</b>	-	<b>1,814</b>	<b>1,814</b>
<b>OTHER GOVERNMENTAL SERVICES</b>									
Unallocated	-	939	939	-	200	200	-	300	300
Unallocated Capital Outlay	-	939	939	-	200	200	-	300	300
Totals, Unallocated	-	939	939	-	200	200	-	300	300
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	<b>939</b>	<b>939</b>	-	<b>200</b>	<b>200</b>	-	<b>300</b>	<b>300</b>
<b>TOTALS, CAPITAL OUTLAY</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
<b>TOTALS, OTHER GOVERNMENTAL UNITS AND FUND</b>									
Unallocated	-	939	939	-	200	200	-	300	300
Unallocated Capital Outlay	-	939	939	-	200	200	-	300	300
Totals, Unallocated	-	939	939	-	200	200	-	300	300
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	<b>939</b>	<b>939</b>	-	<b>200</b>	<b>200</b>	-	<b>300</b>	<b>300</b>
<b>TOTALS, CAPITAL OUTLAY</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
<b>TOTALS, OTHER GOVERNMENTAL UNITS AND FUND</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
<b>UNCLASSIFIED</b>									
RESOURCES									
Dept of Boating & Waterways	-	12,345	12,345	-	12,300	12,300	-	12,300	12,300
<b>TOTALS, RESOURCES</b>	-	<b>12,345</b>	<b>12,345</b>	-	<b>12,300</b>	<b>12,300</b>	-	<b>12,300</b>	<b>12,300</b>
<b>TOTALS, UNCLASSIFIED</b>	-	<b>12,345</b>	<b>12,345</b>	-	<b>12,300</b>	<b>12,300</b>	-	<b>12,300</b>	<b>12,300</b>
<b>TOTAL</b>	28,841,313	5,190,281	34,031,594	14,280,340	5,949,762	36,839,563	15,350,573	31,263,568	37,929,063
State Operations	7,125,370	2,253,219	9,383,589	4,177,635	2,515,753	10,293,587	4,539,389	8,188,128	10,880,294
Local Assistance	21,649,236	2,553,167	24,202,403	9,345,002	2,952,354	26,049,339	9,825,559	23,075,440	26,455,635
Capital Outlay	66,707	361,550	428,257	757,703	469,355	484,337	985,625	580,814	580,814
Unclassified	-	12,345	12,345	-	12,300	12,300	-	12,300	12,300
<b>BUDGET ACT TOTALS</b>	27,537,017	2,702,109	30,239,126	10,880,569	2,907,955	32,899,971	11,694,859	30,462,352	33,799,865
State Operations	6,329,718	2,140,789	8,470,507	1,469,699	2,367,568	9,644,888	1,696,056	7,657,607	10,145,615
Local Assistance	21,207,518	331,982	21,539,500	9,014,910	270,214	22,984,733	9,617,278	22,804,745	23,080,976
Capital Outlay	-219	229,338	229,119	366,560	133	270,306	471,525	-	563,274
<b>BUDGET ACT ITEMS NOT INCLUDED IN TOTALS</b>	-	(31,434)	(31,434)	(2,742,387)	(15,338)	(70,368)	(2,894,437)	(25,900)	(106,180)
State Operations	-	(19,400)	(19,400)	(366,767)	(12,500)	(23,030)	(446,704)	(2,500)	(36,680)
Local Assistance	-	(19,004)	(19,004)	(2,355,437)	(12,838)	(47,338)	(2,447,943)	(23,400)	(26,500)
Capital Outlay	-	-	-	(186)	-	-	(240)	-	-
<b>TOTALS</b>	-	(31,434)	(31,434)	(2,742,387)	(15,338)	(70,368)	(2,894,437)	(25,900)	(106,180)
State Operations	-	(19,400)	(19,400)	(366,767)	(12,500)	(23,030)	(446,704)	(2,500)	(36,680)
Local Assistance	-	(19,004)	(19,004)	(2,355,437)	(12,838)	(47,338)	(2,447,943)	(23,400)	(26,500)
Capital Outlay	-	-	-	(186)	-	-	(240)	-	-
<b>TOTALS</b>	-	(31,434)	(31,434)	(2,742,387)	(15,338)	(70,368)	(2,894,437)	(25,900)	(106,180)
<b>TOTALS, OTHER GOVERNMENTAL UNITS AND FUND</b>	-	<b>939</b>	<b>939</b>	-	<b>200</b>	<b>200</b>	-	<b>300</b>	<b>300</b>
<b>TOTALS, CAPITAL OUTLAY</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
<b>TOTALS, OTHER GOVERNMENTAL UNITS AND FUND</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
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<b>TOTALS, CAPITAL OUTLAY</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
<b>TOTALS, OTHER GOVERNMENTAL UNITS AND FUND</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
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<b>TOTALS, CAPITAL OUTLAY</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
<b>TOTALS, OTHER GOVERNMENTAL UNITS AND FUND</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
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<b>TOTALS, OTHER GOVERNMENTAL UNITS AND FUND</b>	66,707	361,550	428,257	757,703	469,355	484,337	985,625	748,798	580,814
<b>TOTALS, CAPITAL OUTLAY</b>	66,707	361,550	428,257	757,703	469				



**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND  
FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued**  
(Figures in thousands)

Appendix 35



## Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1985, 1986, 1987, AND 1988  
(In thousands)

Fund	Reserves June 30, 1985	Actual Income 1985-86	Actual Expenditures 1985-86	Reserves June 30, 1986	Estimated Income 1986-87	Estimated Expenditures 1986-87	Reserves June 30, 1987	Estimated Income 1987-88	Estimated Expenditures 1987-88	Reserves June 30, 1988
<b>GENERAL FUND</b>	<b>1,455,347</b>	<b>28,072,244</b>	<b>28,841,313</b>	<b>686,278</b>	<b>30,764,799</b>	<b>30,889,801</b>	<b>561,276</b>	<b>31,742,023</b>	<b>31,263,568</b>	<b>1,039,731</b>
<b>SPECIAL FUNDS</b>										
General Fund Special Accounts										
Property Acquisition Law Money Account	2,012	860	359	2,313	850	125	3,038	875	1,511	2,402
Motor Vehicle Parking Facil Money Act	718	2,208	2,168	758	2,208	2,316	650	2,683	2,770	563
Access for Handicapped Account	-345	744	366	33	1,150	513	673	1,207	1,367	1,367
Attorney General Arbitrator Account	-	1,185	418	767	600	408	959	-243	408	308
Hazardous Waste Control Account	4,662	9,345	7,881	6,126	20,754	29,171	-2,291	34,910	33,343	-724
Subsequent Injuries Money Account	120	1,657	1,701	76	2,000	2,000	2,000	2,000	2,000	76
Fingerprint Fees Account	2,775	10,552	8,295	5,032	7,386	10,557	1,861	10,596	10,639	1,818
State Energy Loan Fund Account	-	159	159	-	168	168	-	174	174	-
Emergency Telephone Number Act, State	19,664	35,308	46,881	7,491	47,638	50,072	5,057	65,250	57,059	19,248
Farm Labor Contractors Special Account	216	27	-	243	29	50	222	29	50	201
Motor Vehicle Insurance Account, State	4,165	7,605	6,349	5,421	8,032	10,254	3,189	11,445	9,601	5,033
Nuclear Planning Assessment Special Ac	862	390	722	530	897	897	530	897	897	530
County School Service Fd Contingency Ac	79	-	-	79	-	-	-	-	-	-
Agricultural & Forestry Residue Util Ac	3,233	-	-458	3,691	-	-300	3,391	-4,066	-75	-
Clean Coal Account, the	-	-	-	-	-	-	-	-	-	-
Energy Conservation Assistance Ac, State	8,039	2,141	5,559	4,621	-	5,890	-1,269	-	110	-1,379
Geothermal Resources Development Account	208	9,683	8,652	1,239	8,173	8,172	1,240	8,176	8,995	421
Surface Mining and Reclamation Account	83	1,100	1,005	178	2,000	1,679	489	2,000	1,736	763
Special Account for Capital Outlay	178,148	90,483	152,437	116,194	104,323	157,019	63,698	70,857	134,555	-
Acala Cotton Fund	338	390	325	403	261	490	264	261	410	115
Auditor General Fund	847	-	-	847	-	-	847	-	-	847
Energy Efficiency Improvements Loan Fund	-	-	-	-	-	-	-	-	-	-
Clean Fuels Account	-	-	-	-	-	-21	21	-	21	-
Hazardous Waste Mgmt Planning Subaccount	-	-	-	-	10,000	-	10,000	-	7,000	3,000
Local Jurisdiction Energy Assistance	-	-	-	-	-	-118	118	-	118	-
Seismic Gas Valve Cert Fee Act	-	-	-	-	76	76	-	76	75	1
Manufactured Home License Fee Account	7,565	19,045	19,163	7,447	18,300	18,300	7,447	17,500	17,500	7,447
Elevator Safety Account	925	2,012	2,445	492	2,100	2,482	110	2,482	2,482	100
Pressure Vessel Account	1,733	2,017	2,802	948	2,459	2,897	510	2,577	2,908	179
Hazardous Substance Subaccount	756	18,831	18,582	1,025	16,192	19,060	-1,943	16,192	15,810	-1,461
Mortgage Bond Alloc Fee Act	51	23	14	60	12	15	57	15	16	56
Site Operation and Maintenance Account	1,242	147	225	1,164	115	1,100	179	115	59	235
Dealers' Record of Sale Act	1	779	780	-	952	866	96	952	875	163
Public Util Comm Transport Reimb Act	50	3750	3,298	542	4,034	3,651	925	4,160	3,938	1,147
Public Utilities Commission Reimb Act	4,909	36,097	33,319	7,687	37,067	38,142	6,612	37,200	37,642	6,170
Zberg Urban Open Space Rec Prog Act	-	-	-	-	-	-	-	-	-	-
First Offender Program Evaluation Fund	555	654	545	664	600	622	642	-	266	376
Energy Resources Programs Account	10,357	32,357	33,103	10,111	35,630	36,766	8,975	38,390	36,816	10,549
Calif State Fair Police Special Account	15	8	2	21	6	6	21	6	6	21
Narc Assist & Relinquish Crim Offend Fd	496	290	467	289	978	978	289	978	978	289
Farm Land Mapping Account	-	598	538	60	450	450	-	450	450	-
Underground Storage Tank Fund	161	532	423	290	1,136	1,136	290	1,188	1,188	290
Underground Container Inventory Account	184	61	174	71	10	10	71	10	66	15
Canning Registration Fee Account	68	704	448	324	490	490	324	491	491	324
Mosquitoborne Disease Surveillance Act	41	-	-	41	8	-	49	8	8	49
Energy Tech Research, Dev, & Demo Act	1,000	5,000	1,613	4,387	2,200	6,587	-	545	545	-
Surface Impoundment Assessment Account	-	281	271	10	1,908	1,908	-	2,013	2,013	-
Armory Discretionary Improvement Account	-	117	117	117	110	110	117	110	110	117
Emergency Clean Water Grant Fund	-	-	-3,600	3,600	-	3,600	-	835	-	-
Financial Responsibility Penalty Account	-	835	72	763	835	-	1,598	835	-	2,433
Hazardous Waste Reduction Incentive Acc	-	-	-2,600	2,600	189	-	2,789	-	2,789	-

# SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1985, 1986, 1987, and 1988—Continued

(In Thousands)

Fund	Reserves June 30, 1985	Actual Income 1985-86	Actual Expenditures 1985-86	Reserves June 30, 1986	Estimated Income 1986-87	Estimated Expenditures 1986-87	Reserves June 30, 1987	Estimated Income 1987-88	Estimated Expenditures 1987-88	Reserves June 30, 1988
Hazardous Waste Injection Well Account .....	-	-	-	-	120	120	-	-	-	-
Peace Officers' Memorial Account .....	-	-	-	-	27	27	-	125	125	-
Boxer's Neurological Examination Account .....	-	67	-	67	156	156	67	156	152	71
Developmental Disabilities Services Act .....	-	-	-	-	1	-	1	-	-	2
State Transportation Fund:										
Aeronautics Account Sf .....	1,190	4,814	5,663	341	4,981	5,320	2	5,281	5,241	42
Highway Account, State Sf .....	568,800	1,028,166	983,269	613,637	1,045,241	1,275,912	382,966	1,062,020	1,422,198	22,738
Motor Vehicle Account Sf .....	-	726,427	674,708	115,495	737,017	771,587	80,925	760,008	776,479	64,454
Bicycle Lane Account Sf .....	682	535	624	563	512	760	345	503	848	-
Transportation Planning & Develop Ac Sf .....	17,324	142,494	124,117	35,701	17,830	53,331	-	50,314	50,314	-
Abandoned Railroad Account Sf .....	4,225	-3,340	465	420	67	56	431	74	56	449
Calif Hwy Patrol Enforcement Act Sf .....	18,119	11,704	28,550	873	-873	-	-	-	-	-
Olympic Reflector License Plate Act Sf .....	139	-114	18	7	-	7	-	-	-	-
New Motor Vehicle Board Account .....	549	803	675	677	800	843	634	800	910	524
Transportation Tax Funds:										
Motor Vehicle Fuel Account Tff .....	21,702	17,352	19,229	19,825	20,000	19,308	20,517	20,200	19,172	21,545
Highway Users Tax Account Tff .....	-	559,734	559,734	-	580,522	580,522	-	587,047	587,047	-
Motor Vehicle License Fee Account Tff .....	182,332	1,502,800	1,321,448	163,684	1,669,400	1,668,418	164,666	1,873,700	1,883,882	154,484
Feeder Funds										
Cigarette Tax Fund .....	12,521	80,879	80,879	12,521	77,000	77,000	12,521	77,000	77,000	12,521
Other Governmental Cost Funds:										
Acupuncturists Fund .....	36	494	340	190	498	439	249	532	477	354
Agriculture Fund .....	32,688	52,118	53,137	31,669	54,874	58,644	27,899	58,747	58,023	28,623
Agricultural Pest Control Research Acct .....	882	158	169	851	158	114	855	158	1	1,052
Missing Children Reward Fund .....	-	-	-	-	24	14	-	14	14	-
Auctioneer Commission Fund .....	109	223	173	159	207	181	185	240	181	244
Air Pollution Control Fund .....	2,226	1,942	2,196	1,972	2,033	2,379	1,626	1,427	2,549	304
Alcoholic Beverage Control Appeals Fund .....	244	376	373	384	247	384	220	360	387	183
Animal Health Technician Exam Comm Fund .....	144	83	92	135	87	95	127	87	97	117
School Building Program Account-App Fund .....	155	2,866	2,528	493	4,742	3,154	2,081	4,488	3,648	2,921
Hospital Building Account-App Fund .....	3,747	15,770	11,783	7,734	20,115	14,117	13,732	20,179	14,664	19,337
Architect Pub Bldg Fd-Hosp Plan Chk Act .....	1,309	2,758	2,689	1,378	6,024	4,355	3,047	5,210	3,917	4,440
Rural Economic Development Fund .....	-	-	-191	191	7,950	7,950	-	23,000	23,000	-
Assembly Contingent Fund .....	-	-	-	-	-	191	-	-	-	-
Automotive Repair Fund .....	4,530	7,157	6,644	5,043	7,446	7,384	5,065	7,431	7,581	4,945
Avul Abatement Program Fund .....	3	-	-	3	-	-31	31	-	31	3
Foster and Small Family Insurance Fund .....	-	-	-	-	-	-	-	-	-	-
Bagley Conservation Fund .....	434	-434	-	-	-	-	-	80,000	80,000	-
Calif Beverage Container Recycling Fund .....	-	-	-	-	-	-	-	20,000	20,000	-
Redemption Bonus Account .....	-	-	-	-	4,000	1,000	-	3,000	3,000	-
Aids Vaccine Research Development Grant .....	3,521	10,469	8,638	5,352	11,022	11,009	5,365	10,272	9,781	5,656
Banking Fund State .....	-	-	-	-	-	-	-	-	-	-
Vital Records Improvement Project Fund .....	-	-	-	-	-	-	-	-	-	-
Drinking Driver Program Licensing Trust .....	39	146	185	-	255	237	18	332	333	37
Environmental License Plate Fund, Calif .....	6,827	22,065	21,318	7,574	19,373	22,185	4,762	19,814	23,170	1,406
Health Facilities Commission Fund, Calif .....	281	1,576	1,857	-	-	-	-	-	-	-
Calif Health Data & Planning Fund .....	-	412	27,532	412	6,320	6,538	174	5,280	5,231	223
Water Fund, California .....	1,738	26,489	27,532	695	6,554	5,966	1,293	3,279	3,752	810
Capital Outlay Fd for Public Higher Educ .....	54,950	126,105	123,544	57,511	-23,475	32,210	1,826	-	-	1,826
California Unitary Fund .....	-	-	-	-	-	-	-	10,000	-	10,000
Chiropractic Examiners Fund .....	374	855	752	477	925	806	596	988	836	748
Local Government Assistance Fund .....	-	-	-	-	-	-	-	477,000	477,000	-
Collection Agency Fund .....	460	816	562	714	836	700	850	841	656	1,035
Assembly and Senate, Contingent Funds Of .....	36	-	-	36	-	-	36	-	-	36
Community College Credentials Fund .....	47	687	553	181	866	663	394	866	712	538
Corrections Training Fund .....	3,811	11,364	10,312	4,983	12,229	12,080	5,012	12,940	12,430	5,422



# SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1985, 1986, 1987, and 1988—Continued

(In Thousands)

Fund	Reserves June 30, 1985	Actual Income 1985-86	Actual Expenditures 1985-86	Reserves June 30, 1986	Estimated Income 1986-87	Estimated Expenditures 1986-87	Reserves June 30, 1987	Estimated Income 1987-88	Estimated Expenditures 1987-88	Reserves June 30, 1988
Debt Advisory Commission Fund Calif .....	1,685	1,722	684	3,723	1,070	2,193	2,600	982	871	2,711
Developmental Disabilities Prog Dev Fund .....	1,258	3,338	2,959	1,637	3,339	4,200	1,637	3,549	3,755	570
Dispensing Opticians Fund .....	147	236	103	280	53	165	168	296	161	303
Driver Training Penalty Assessment Fund .....	2	531	533	-	1,112	1,112	-	818	818	-
Personnel Services Fund .....	985	541	593	543	521	593	422	282	659	45
Employment Development Dept Benefit Audit .....	1,358	4,240	2,482	3,116	4,323	4,209	3,232	4,325	6,677	880
Employment Development Contingent Fund .....	-2,373	24,898	21,325	1,000	24,841	24,841	1,000	22,365	22,365	1,000
Energy and Resource Fund .....	-301	8,020	7,719	-	-189	-	7,530	-1,023	-	6,507
Energy Account, Energy & Res Fund .....	-	-	1,072	-1,072	-	-	-1,072	33	33	-1,105
Resources Account, Energy & Res Fund .....	3,496	19,709	19,538	3,667	20,518	23,994	-5,402	20,306	20,306	-5,402
Fair and Exposition Fund .....	-	3,669	1,203	2,466	5,655	8,065	56	1,055	1,055	61
Satellite Wagering Account .....	-	823	821	3	1,209	1,172	40	1,401	1,382	59
Fire Service Training & Educ Fund Calif .....	1	296	288	13	313	312	14	348	344	18
Fireworks Licensing Fund California .....	5	56,635	50,002	11,904	59,506	58,802	12,608	62,250	63,826	11,032
Fish and Game Preservation Fund .....	5,271	5,000	4,721	279	5,000	4,941	338	-	338	-
Fisheries Restoration Account .....	-	12,094	16,199	4,325	19,222	23,543	4	22,954	22,604	354
Genetic Disease Testing Fund .....	8,430	390	197	251	361	205	407	42	218	218
Geology and Geophysics Fund .....	331	209	152	388	220	199	409	257	253	403
Hearing Aid Dispensers Fund .....	9	627	620	16	782	776	22	1,204	1,075	151
Hazardous Liquid Pipeline Safety Calif .....	27,563	35,187	48,306	14,444	37,298	44,914	6,798	38,811	45,593	16
Restitution Fund .....	1,548	1,356	283	2,621	1,190	316	3,465	1,244	332	4,387
Industrial Development Fund .....	185	531	535	181	559	622	118	559	618	59
Industrial Rel Construction Enforce Fd .....	1,771	24,912	23,309	3,374	25,709	26,066	3,017	28,911	28,183	3,745
Insurance Fund (Effective 7/1/83) .....	-	63,000	-	63,000	-29,600	-	33,400	-15,000	-	18,400
Industrial Loan Special Fund .....	103	59	69	93	90	162	21	236	236	21
Local Agency Deposit Fund .....	158	507	502	163	866	866	154	875	875	145
Loc Pub Prosecutors & Pub Defenders Trng .....	235	271	314	192	288	335	145	298	335	108
Methadone Program Licensing Trust Fund .....	334	1,973	2,237	70	2,462	2,532	-	2,555	2,555	-
Mobilehome Park Revolving Fund .....	11,838	1,038	2,965	9,911	900	3,843	6,968	900	2,345	5,523
Public Facilities Account-Nda Fund .....	21,822	2,068	1,643	22,247	950	17,000	6,197	950	2,671	4,476
Street and Highway Account-Nda Fund .....	1,051	-	-	1,051	-	-	1,051	-	-	1,051
Natural Disaster Acc,Nat Disaster Assist .....	-	-	-5,000	5,000	-	5,000	-	-	-	-
1996 Flood Disaster Account .....	-	-	-	-	-	-	-	-	-	-
Earthquake Emergency Investigations Act .....	-	-	-	-	-	-	-	-	-	-
Nurses Registry Fund .....	429	73	267	235	443	299	379	61	315	125
Nursing Home Admin St Lie Exam Bd Fund .....	557	806	782	581	926	902	605	950	927	628
Off Highway License Fee Fund .....	22,669	15,686	12,286	26,059	16,360	42,419	-	16,560	16,348	212
Off Highway Vehicle Fund .....	308	430	379	359	430	349	440	430	392	478
Osteopathic Examiners Contingent Fund .....	7,430	35,562	40,451	2,541	38,243	39,439	1,345	40,104	40,526	923
Peace Officers Training Fund .....	384	371	281	494	226	311	409	380	329	460
Physicians Assistant Fund .....	112	74	114	72	265	323	14	326	304	36
Pilot Commissioners Fund .....	297	598	517	378	578	576	380	581	613	348
Podiatry Fund (O) .....	12	124	100	36	48	81	3	145	115	33
Polygraph Examiners Fund .....	161	95	95	161	95	115	141	95	114	122
Professional Forester Registration Fund .....	575	1,077	936	716	1,222	923	1,015	1,222	971	1,266
Private Post Secondary Admin. Fund .....	978	860	829	1,009	884	882	1,011	956	770	1,197
Psychology Fund .....	-	-	-	-	-	-	-	-	-	-
Radio/Telephone Utility Rate Fund .....	10,953	26,105	20,439	16,619	21,586	22,080	16,125	21,603	22,197	15,531
Real Estate Fund .....	1,391	516	570	1,337	674	594	1,417	208	560	1,065
Respiratory Care Fund .....	324	1,056	1,061	319	974	1,117	1,354	1,354	1,147	283
Electronic and Appliance Repair Fund .....	114	155	89	180	94	98	176	169	130	215
Sanitarian Registration Fund .....	3,700	6,219	5,588	4,331	6,728	8,739	2,320	7,970	8,232	2,058
Savings Association Spec Regulatory Fund .....	25	39,958	39,956	27	33,425	33,400	52	34,231	34,206	77
School Fund, State .....	113,987	152,091	20,980	245,068	2,100	208,066	39,132	41,332	41,332	-
Lease Facil Rev Sch Build Le Pwr Fd .....	-	1,160	1,160	-	1,255	1,255	-	1,255	1,255	-
School Building Safety Fund .....	-	-	-	-	-	-	-	-	-	-
Senate Contingent Fund .....	-	-	-403	403	-	-	-	-	-	-



## Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1985, 1986, 1987, and 1988—Continued  
(In Thousands)

Fund	Reserves June 30, 1985	Actual Income 1985-86	Actual Expenditures 1985-86	Reserves June 30, 1986	Estimated Income 1986-87	Estimated Expenditures 1986-87	Reserves June 30, 1987	Estimated Income 1987-88	Estimated Expenditures 1987-88	Reserves June 30, 1988
State Mandates Claims Fund .....	10,000	-	-5,000	15,000	-10,000	-	5,000	-	-	5,000
Speech Pathology & Audio Exam Comm Fund .....	205	250	181	274	38	207	105	270	225	150
Bicycle License & Registration Fund, St .....	45	36	21	60	30	40	50	46	37	59
State Historic Building Code Fund .....	-	-	-	-	-	-	-	-	-	-
Dental Auxiliary Fund, State .....	337	509	598	258	504	632	130	509	663	-24
Park and Recreation Fund, State .....	13,233	34,225	39,625	7,833	40,385	46,032	2,196	49,580	49,610	2,176
Fines & Forfeitures Act Parks & Rec Fd .....	447	239	-	686	200	-	886	200	758	758
Self-Insurance Plans Fund .....	314	1,261	1,177	398	1,262	1,425	235	1,262	1,421	76
State Police Fund California .....	7	55	-	62	55	-	117	55	42	130
Strong Motion Instrumentation Spec Fund .....	1,171	2,339	1,591	1,919	1,750	2,653	1,016	1,750	1,793	973
Structural Pest Contrl Educ&enforcemt Fd .....	102	154	6	250	171	102	319	240	92	467
Tax Preparers Fund .....	443	346	340	449	328	339	438	343	319	462
Teacher Credentials Fund .....	1,751	7,082	6,758	2,075	8,586	7,978	2,683	9,073	9,073	2,619
Transcript Reimbursement Fund .....	318	34	228	124	207	268	91	268	250	109
Transportation Rate Fund .....	7,884	15,733	15,487	8,130	15,988	18,001	6,117	15,736	17,406	4,357
Universal Telephone Service Fund .....	30,221	88,139	41,232	77,128	27,066	64,982	39,212	33,827	65,022	8,017
Vehicle Inspection Fund .....	6,579	38,354	27,644	17,289	18,165	28,354	30,301	28,306	28,306	8,705
Victim Witness Assistance Fund .....	570	12,617	11,541	1,646	13,554	13,305	1,885	14,257	13,919	2,233
Wildlife Restoration Fund .....	4,386	2,129	3,485	3,030	1,594	2,823	1,801	1,548	1,431	1,918
Winter Recreation Fund .....	-	39	-80	119	60	110	69	60	60	69

## Professions and Vocations Funds:

Accountancy Fund .....	2,297	2,529	2,536	2,290	2,475	2,997	1,768	2,445	3,352	861
Architectural Examiners Fd, Cal St Bd Of .....	1,675	2,417	1,590	2,582	2,126	1,702	2,926	2,481	2,233	3,174
Barber Examiners Fund, State Board of .....	828	1,073	634	1,267	144	793	1,082	819	881	881
Cemetery Fund .....	219	309	262	266	327	327	318	333	297	364
Contractors License Fund .....	16,584	23,387	19,100	20,771	24,196	22,445	22,522	25,634	23,331	24,825
Cosmetology Contingent Fund, Board of .....	3,711	2,474	2,955	3,230	2,503	3,119	2,614	3,031	3,031	2,187
Dentistry Fund, State .....	577	1,024	2,128	73	2,332	2,250	155	2,334	2,565	-76
Fabric Care Fund .....	794	614	827	581	-76	505	-	-	-	-
Funeral Directors and Embalmers Fund, St .....	187	320	315	192	319	403	108	312	430	-10
Home Furnishings Fund, Bureau of .....	1,222	1,383	1,776	1,029	2,116	2,008	1,137	1,975	2,194	918
Dry Cleaning Account .....	-	-	-	-	721	218	503	37	36	504
Landscape Architects Fund, Cal St Bd of .....	91	415	262	244	143	291	96	462	329	329
Medical Quality Assurance, Contingent Fu .....	6,545	11,193	13,270	4,468	13,596	14,054	4,010	15,118	14,803	4,525
Physical Therapy Fund .....	472	290	307	445	333	323	515	406	360	561
Registered Nursing Fund, Board of .....	931	5,068	4,899	1,640	6,176	5,092	2,724	6,463	5,331	3,856
Optometry Fund, State .....	422	493	341	432	566	390	659	580	386	853
Pharmacy Board Contingent Fund .....	938	2,620	2,446	1,112	2,774	2,766	1,120	2,762	2,766	1,096
Private Investigator and Adjuster Fund .....	1,812	3,333	2,279	2,866	2,721	2,834	2,753	3,010	2,897	2,896
Professional Engineers Fund .....	1,225	2,982	2,664	1,363	3,983	3,446	1,900	3,896	3,360	2,536
Shorthand Reporters Fund .....	244	457	209	492	280	251	521	240	267	494
Behavioral Science Examiners Fund .....	513	672	850	335	1,113	1,094	354	1,298	1,275	377
Structural Pest Control Fund .....	3,672	3,219	1,725	5,166	3,417	2,026	6,357	3,681	2,100	8,138
Veterinary Examiners Contingent Fund, Bd .....	262	820	600	482	547	607	422	800	620	602
Vocational Nurses Account .....	3,004	2,336	2,120	3,350	2,108	2,121	3,237	2,156	2,164	3,229
Psychiatric Technicians Account .....	524	386	463	447	568	488	527	764	532	759

## Unspecified Special Funds:

Legislative Claims .....	-	-	3	-3	-	16	-19	-	-	-19
Augmentation for Employee Compensation .....	-	-	-	-	-	-	-	-	28,900	-28,900
Payment of Specified Attorney Fees .....	-	-	47	-47	-	-	-47	-	150	-197
Reserve for Contingencies Or Emergency .....	-	-	-	-	-	1,500	-1,500	-	1,500	-3,000
Various Departments .....	-	-	-	-	-	-	-	-	-10,800	10,800
<b>TOTALS, SPECIAL FUNDS</b> .....	<b>1,644,809</b>	<b>5,465,683</b>	<b>5,190,270</b>	<b>1,940,222</b>	<b>5,149,364</b>	<b>5,949,755</b>	<b>1,139,831</b>	<b>6,111,797</b>	<b>6,665,525</b>	<b>586,103</b>
<b>GRAND TOTALS</b> .....	<b>3,100,156</b>	<b>33,557,927</b>	<b>34,031,583</b>	<b>2,626,500</b>	<b>35,914,163</b>	<b>36,839,556</b>	<b>1,701,107</b>	<b>37,853,820</b>	<b>37,979,693</b>	<b>1,625,834</b>

## Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY<sup>1</sup>

	June 30, 1985			June 30, 1986		
	Due from Surplus Money Investment Fund *			Due from Surplus Money Investment Fund *		
	Cash *	Securities *	Totals *	Cash *	Securities *	Totals *
NONGOVERNMENTAL COST FUNDS						
Public Service Enterprise Funds						
Antioch and Carquinez Straits Bridge Toll Revenue Fund .....	\$10	\$3,471	\$12,643	\$9	\$3,471	\$16,946
California Housing Finance Fund .....	36	473,688	366,161	42	473,688	440,342
California Water Resources Development Bond Fund .....	105	-	83,882	104	-	94,230
California National Guard Members Farm and Home Fund of 1978 .....	11	10,282	5,659	15	2,267	7,905
Affordable Student Housing Revolving Fund .....	1	-	2,629	-	-	-
Central Valley Water Project Construction Fund .....	234	227,752	138,206	204	224,196	304,462
Central Valley Water Project Revenue Fund .....	565	-	112,142	739	-	147,959
California Exposition and State Fair Enterprise Fund .....	-	-	-	1	-	1,453
Compensation Insurance Fund .....	10	1,550,130	19,713	10	1,782,833	1,909,081
First-time Home Buyer Fund .....	1,567	14,463	16,030	3,186	12,946	16,132
Employment Training Fund .....	1	-	118,974	2	-	172,054
Harbor Bond Sinking Fund .....	1,413	-	1,413	203	-	203
Harbors and Watercraft Revolving Fund .....	501	-	28,889	502	-	39,551
Health Facility Construction Loan Insurance Fund .....	1	-	32,598	2	-	39,732
California Maritime Academy Continuing Education .....	85	-	85	93	-	93
New Antioch Bridge Construction Fund .....	1	-	27,676	1	-	33,411
High Tech Education Revenue Bond Fund .....	8	-	95,332	25	-	145,253
Richmond-San Rafael Toll Revenue Fund .....	1	-	15,001	1	-	21,116
San Diego-Coronado Bridge Construction Fund .....	10	-	23	11	-	32
Mobilehome Park Purchase Fund .....	2	-	2,958	1	-	3,487
California Main Street Program Fund .....	-	-	-	225	-	225
San Diego-Coronado Toll Revenue Fund .....	-	-	-	1	-	2,579
San Francisco-Oakland Bay Bridge Toll Revenue Fund .....	25	-	116	26	-	153
San Francisco Seawall Sinking Fund No. 2 .....	99	-	99	610	-	610
San Francisco Seawall Sinking Fund No. 3 .....	148	-	-	145	-	145
Small Craft Harbor Bond Fund .....	2	-	31	33	-	33
Small Craft Harbor Improvement Fund .....	11	-	1,722	11	-	1,991
State Lottery Fund .....	753	-	753	2	-	224,698
State Coastal Conservancy Fund .....	2,152	-	2,152	1,650	-	1,650
Uninsured Employers Account .....	201	-	201	2,323	-	2,323
Asbestos Workers Account .....	2,102	-	2,102	1,928	-	1,928
State University and Colleges Continuing Education Revenue Fund .....	101	-	20,464	102	-	20,163
State University and Colleges Dormitory Building Maintenance and Equip- ment Reserve Fund .....	31	-	18,677	32	-	20,967
State University and Colleges Dormitory Construction Fund .....	365	-	34,785	385	-	41,907
State University and Colleges Dormitory Interest and Redemption Fund ..	43	-	25,455	43	-	29,193
State University and Colleges Dormitory Revenue Fund .....	711	-	33,795	713	-	45,506
State University and Colleges Facilities Revenue Fund .....	1	-	355	2	-	390
State University and Colleges Parking Revenue Fund .....	2	-	2,699	2	-	3,136
Toll Bridge Construction Fund .....	12	3,717	82,476	9	-	95,748
Unemployment Compensation Disability Fund .....	11	-	256,602	10	-	75,548
Veterans Debenture Revenue Fund .....	4	33,829	83,772	6	33,926	73,643
Indemnity—Veterans Fund .....	2	-	4,424	2	-	7,571
Veterans Farm and Home Building Fund of 1943 .....	116	-	680,921	118	-	935,000
Vincent Thomas Bridge Toll Revenue Fund .....	2	-	2,643	2	-	2,664

<sup>1</sup> Only includes funds with balances.

\* Dollars in thousands



STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY <sup>1</sup>—Continued

	June 30, 1985			June 30, 1986				
	Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *	Cash *	Securities *	Due from Surplus Money Investment Fund *	Totals *
Working Capital and Revolving Funds								
Agriculture Building Fund .....	790	-	-	790	2	-	420	422
Architecture Revolving Fund .....	42,489	-	-	42,489	55,508	-	-	55,508
Ballot Paper Revolving Fund .....	269	-	-	269	330	-	-	330
Community College District Organization Revolving Fund .....	200	-	-	200	200	-	-	200
County Formation Revolving Fund .....	85	-	-	85	85	-	-	85
General Obligation Bond Expense Revolving Fund .....	75	-	-	75	42	-	-	42
Health and Welfare Agency Data Center Revolving Fund .....	1,855	-	-	1,855	1,216	-	-	1,216
Rural Predevelopment Loan Fund .....	1	-	1,518	1,519	2	-	2,175	2,177
Mobilehome Manufactured Home Revolving Fund .....	1	-	2,219	2,220	2	-	3,004	3,006
Old Age and Survivors Insurance Revolving Fund .....	75,639	-	-	75,639	26,216	-	-	26,216
Public Building Construction Fund .....	253	-	3,467	3,720	51	-	165,722	165,773
Public School District Organization Revolving Fund .....	264	-	-	264	333	-	-	333
Revolving Loan Fund .....	-	-	-	-	2	-	-	2
Rehabilitation Revolving Loan Guarantee Fund .....	2	-	453	455	2	-	298	300
Service Revolving Fund .....	16,524	-	-	16,524	3,980	-	-	3,980
Supported Employment Revenue Loan Guarantee Account .....	-	-	-	-	1	-	199	200
State Clean Water Grants Administration Revolving Fund .....	254	-	-	254	254	-	-	254
Passenger Equipment Acquisition Fund .....	-	6,595	-	6,595	2	-	5,516	5,518
State Expenditure Revolving Fund .....	35,790	-	-	35,790	-	-	-	-
State Payroll Revolving Fund .....	457,053	-	-	457,053	510,692	-	-	510,692
Prison Industries Revolving Fund .....	1	-	792	793	1	-	2,756	2,757
State Water Quality Control Fund .....	6,327	-	-	6,327	8,007	-	-	8,007
Surplus Property Revolving Fund .....	25	-	417	442	25	-	904	929
Surplus Money Investment Fund .....	6,741,274	-	-	6,741,274	7,460,875	-	-	7,460,875
Inmate Construction Revolving Account .....	3,752	-	-	3,752	9,602	-	-	9,602
Stephen P. Teale CDC Revolving Fund .....	2,697	-	-	2,697	2,544	-	-	2,544
New Industries Revolving Account .....	-	-	-	-	1	-	-	1
Donated Food Revolving Fund .....	2	-	2,116	2,118	2	-	1,717	1,719
Surplus Personal Property Revolving Fund .....	99	-	-	99	159	-	-	159
Water Resources Revolving Fund .....	50	-	1,842	1,892	51	-	12,489	12,540
Water Resources Control Board Revolving Fund .....	120	-	-	120	64	-	-	64
Consumer Affairs Fund .....	-	-	-	-	101	-	6,225	6,326
Bond Funds								
California Safe Drinking Water Fund .....	41,521	-	-	41,521	43,288	-	-	43,288
Hazardous Substance Cleanup Fund .....	2	-	-	2	1	-	44,740	44,741
Health Science Facilities Construction Program Fund .....	-	-	1,427	1,429	2	-	1,574	1,576
Lake Tahoe Acquisition Fund .....	10,044	-	-	10,044	28,809	-	-	28,809
Parklands Fund of 1980 .....	8,353	-	-	8,353	30,098	-	-	30,098
Parkland Fund of 1984 .....	20,658	-	-	20,658	47,794	-	-	47,794
New Prison Construction Fund .....	192,523	-	-	192,523	197,668	-	-	197,668
1984 Prison Construction Fund .....	93,426	-	-	93,426	232,310	-	-	232,310
County Jail Capital Expenditure Fund .....	2	-	-	2	1	-	58,840	58,841
1984 County Jail Capital Expenditure Fund .....	75,267	-	94,448	169,715	67,222	-	67,222	67,224
Recreation & Fish & Wildlife Enhancement Fund .....	3,182	-	-	3,182	2,867	-	-	2,867
Senior Center Bond Act Fund .....	-	-	-	-	48,575	-	-	48,575
State Coastal Conservancy Fund of 1984 .....	-	-	-	-	4,408	-	-	4,408
California Alternative Energy Authority Fund .....	105	-	-	105	313	-	-	313
State Beach, Park, Recreational and Historical Facilities Fund .....	1,972	-	-	1,972	696	-	-	696
State Beach, Park, Recreational and Historical Facilities Fund of 1974 .....	8,907	-	-	8,907	7,807	-	-	7,807
State Clean Water Fund .....	14,907	-	-	14,907	10,064	-	-	10,064
State Construction Program Fund .....	2,020	-	-	2,020	1,830	-	-	1,830
State Clean Water and Water Conservation Fund .....	40,508	-	-	40,508	43,564	-	-	43,564
State School Building Aid Fund .....	20,310	-	-	20,310	21,945	-	-	21,945
State Clean Water Bond Fund of 1984 .....	-	-	-	-	24,462	-	-	24,462
State, Urban, and Coastal Park Fund .....	16,696	-	-	16,696	14,932	-	-	14,932
State School Building Lease-Purchase Fund .....	228,814	-	-	228,814	134,741	-	-	134,741
Fish and Wildlife Habitat Enhancement Fund .....	17,767	-	-	17,767	15,713	-	-	15,713
New Prison Construction Revenue Fund .....	-	-	-	-	2	-	104,386	104,388

\* Dollars in thousands



STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY <sup>1</sup>—Continued

	June 30, 1985				June 30, 1986			
	Cash *	Securities *	Investment Fund *	Totals *	Cash *	Securities *	Investment Fund *	Totals *
Retirement Funds								
Judges' Retirement Fund .....	154	2,333	-	2,487	757	7,381	-	8,138
Legislators' Retirement Fund .....	263	56,347	-	56,610	279	55,225	-	55,504
Public Employees' Retirement Fund .....	62,323	28,228,260	-	28,290,583	1	36,454,145	172,104	36,626,250
Teachers' Retirement Fund .....	60	18,394,762	\$2,152,013	20,546,835	60	28,944,324	1,114,090	30,058,474
Trust and Agency Funds—Federal								
Federal Revenue Sharing Fund.....	-	-	-	-	2	-	321	323
Public Health Federal Fund.....	3,420	-	-	3,420	3,300	-	-	3,300
State Child Care Facilities Fund .....	-	-	-	-	36,500	-	-	36,500
State Child Care Capital Outlay Fund .....	-	-	-	-	7,250	-	-	7,250
Lake Tahoe Assistance Fund .....	-	-	-	-	5,000	-	-	5,000
Social Welfare Federal Fund .....	42,124	-	-	42,124	-	-	-	-
Consolidated Work Program Fund.....	-	-	-	-	518	-	-	518
Unemployment Administration Fund .....	1,466	-	-	1,466	8,782	-	-	8,782
Unemployment Fund .....	247	-	-	247	156	-	-	156
Vocational Education Federal Fund .....	-	-	-	-	-	-	-	-
Vocational Rehabilitation Federal Fund.....	1	-	-	1	-	-	-	-
Federal Trust Fund.....	1,362	-	-	1,362	1,918	-	-	1,918
Federal Block Grant .....	103,727	-	-	103,727	162,609	-	-	162,609
Offshore Energy Assistance Fund.....	18	-	-	18	18	-	-	18
Local Coastal Program Improvement Fund .....	-	-	-	-	25,000	-	-	25,000
	-	-	-	-	10,500	-	-	10,500
Trust and Agency Funds—Other								
U.S. Olympic Committee Fund.....	200	-	-	200	394	-	-	394
California Small Business Develmt Center Fund .....	188	-	-	188	309	-	-	309
State Children's Trust Fund .....	2	1,889	-	1,891	2	5,432	-	5,434
Computer Software Refund Fund .....	1	-	-	1	1	-	-	1
Export Finance Fund .....	-	-	-	-	2	-	2,064	2,066
County Health Facilities Financing Assistance Fund .....	-	-	-	-	2	-	45,227	45,229
Displaced Homemaker Emergency Loan Fund .....	-	-	-	-	1	-	1,149	1,150
Reader Employment Fund .....	-	-	-	-	225	-	-	225
Self Help Housing Fund .....	2,976	-	-	2,976	2	-	4,913	4,915
Audit Repayment Trust Fund .....	-	-	-	-	125	-	-	125
Hazardous Substance Cleanup Financing Fund .....	-	-	-	-	1	-	-	1
Superfund Bond Trust Fund .....	-	-	-	-	1	-	3,137	3,138
California Maritime Academy Trust Fund .....	-	-	-	-	40	-	-	40
California State Lottery Education Fund .....	-	-	-	-	1	-	18,338	18,339
California Motorcyclist Safety Fund .....	-	-	-	-	670	-	-	670
Mental Health Primary Prevention Fund.....	-	-	-	-	120	-	-	120
County Medical Services Program .....	2	-	-	-	2	-	19,526	19,528
County Health Account .....	29	-	15,437	15,439	1,885	-	-	1,885
Local Health Capital Expenditure Account .....	2	-	15,394	15,396	1	-	5,867	5,868
Medically Indigent Services Account .....	2,669	-	-	2,669	6,843	-	-	6,843
California Health Facilities Authority Fund.....	2	3,303	-	3,305	2	-	4,321	4,323
California Election Campaign Fund .....	235	-	-	235	241	-	-	241
California Public Broadcasting Fund .....	126	-	-	126	126	-	-	126
School Employees Fund .....	11	-	43,396	43,407	11	-	85,244	85,255
Community College Instructional Improvement Fund .....	581	-	-	581	615	-	-	615
Condemnation Deposits Fund .....	1	-	39,928	39,929	1	-	104,576	104,577
Educational Facilities Authority Fund .....	856	-	-	856	1	-	1,415	1,415
Industrial Relations Unpaid Wage Fund .....	200	-	-	200	210	-	-	210
Bay Fill Clean-Up and Abatement Fund .....	-	-	-	-	2	-	10	12
Deferred Compensation Plan Fund .....	-	507,332	-	507,480	1	634,427	166	634,594
Housing Insurance Fund .....	1	-	147	147	2	-	8,731	8,733
Immates Welfare Fund .....	6	-	4,167	4,173	6	-	5,576	5,582
Small Business Expansion Fund .....	2	-	41	43	2	-	80	82
Interstate Collection Incentive Fund.....	597	-	-	597	-	-	-	-
Litigation Deposit Fund .....	2	-	26,543	26,545	2	-	27,576	27,578
California Economic Development Grant and Loan Fund .....	1	-	3,101	3,102	1	-	3,761	3,762
Immunization Adverse Reaction Fund .....	46	-	-	46	46	-	-	46

\* Dollars in thousands

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY <sup>1</sup>—Continued

	June 30, 1985		June 30, 1986	
	Cash *	Securities *	Due from Surplus Money Investment Fund *	Due from Surplus Money Investment Fund *
Local Agency Investment Fund .....	2,213,101	-	-	-
Farmworker Housing Grant Fund .....	4,237	-	-	-
Farm Resources Improvement Fund .....	7,806	-	-	-
Housing Rehabilitation Loan Fund .....	15	2,068	5,150	7,259
Pollution Control Financing Authority Fund .....	2	-	9,305	14,590
Local Public Entity Employees Fund .....	1,864	-	6,882	-
Local Agency Indebtedness Fund .....	-	-	-	-
Homeownership Assistance Fund .....	1	-	3,593	1,863
Rental Housing Construction Incentive Fund .....	4	-	42,690	3,479
Nutrition Reserve Fund .....	1,089	-	-	41,583
Renewable Resources Investment Fund .....	4,516	-	1,089	693
Santa Monica Mountains Conservancy Fund .....	1,371	-	4,516	7,348
Special Deposit Fund .....	60,147	19	80,342	810
Land Bank Fund .....	1	-	20,176	22,016
State Child Nutrition Fund .....	996	-	443	748
Student Security Trust Fund .....	1	-	-	-
California State University and Colleges Special Project Fund .....	10	-	1,252	9
California State University and Colleges Trust Fund .....	11	-	15,319	1,680
State Employees Contingency Reserve Fund .....	1	25,666	-	22,900
State Guaranteed Loan Reserve Fund .....	20	-	82,188	5,178
State Park Contingent Fund .....	399	-	100	114,412
Student Loan Authority Fund .....	81	-	-	100
State Instructional Materials Fund .....	24,605	-	-	4,398
State School Site Utilization Fund .....	2,278	-	-	29,808
Foster Parent Training Fund .....	1,000	-	-	4,010
Student Tuition Recovery Fund .....	1	-	574	152
State School Deferred Maintenance Fund .....	122	-	-	2
Volunteer Firefighters Length of Service Award Fund .....	-	327	-	730
Teacher Tax Shelter Annuity Fund .....	-	196,440	-	368
Mediterranean Fruit Fly Claim .....	6	-	-	202,249
Timber Tax Fund .....	1	-	349	3,273
Traffic Adjudication Fund .....	-	-	-	1
Unclaimed Property Fund .....	-	-	-	-
Mobilehome Recovery Fund .....	501	337	32,075	16
Asbestos Abatement Fund .....	164	-	-	335
Child Care Fund .....	996	-	-	33,570
Consolidated Work Program Fund .....	302	-	-	-
Urban Housing Development Loan Fund .....	2	-	2,271	2,060
California State World Trade Commission Fund .....	98	-	-	-
California Urban Waterfront Area Resource Financing Authority .....	2	-	47	138
California Seniors Fund .....	2	-	195	45
Rural Community Facility Grant .....	409	-	-	443
Emergency Housing and Assistance Fund .....	2	-	4,596	154
TOTALS, NONGOVERNMENTAL COST FUNDS .....	\$10,744,398	\$49,737,818	\$4,928,143	\$5,340,485
			\$65,410,359	\$68,839,032
			\$13,693,268	\$87,872,785
GOVERNMENTAL COST FUNDS				
General Fund .....	373,092	-	-	-
Transportation Funds .....	1,313	-	1,262,372	1,395,975
General Fund Special Accounts .....	1,393,833	2,465	359,584	544,678
			1,755,882	2,167,972
OTHER BALANCES				
Agency Bank Accounts .....	410,982	-	-	-
Uncleared Collections .....	1,376	-	-	-
Outstanding Warrants .....	678,629	-	-	-
Fiscal Agents .....	1,464,071	-	-	-
Pooled Money Investment Account .....	-13,187,769	13,187,769	-	16,076,928
Time Deposits in Banks .....	-677,475	677,475	-	585,700
TOTALS .....	\$1,202,450	\$63,605,527	\$6,550,099	\$7,281,138
			\$2,289,961	\$95,075,018

<sup>1</sup>Only includes funds with balances.

\* Dollars in thousands



## Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1985-86, 1986-87, AND 1987-88**  
(In thousands of dollars)

Purpose and Legal Citation AUTHORIZED BY CONSTITUTION	Actual 1985-86		Estimated 1986-87		Estimated 1987-88	
	General Fund	Total	General Fund	Total	General Fund	Total
<b>STATE OPERATIONS</b>						
<b>BUSINESS, TRANSPORTATION, AND HOUSING</b>						
General Obligation Bonds						
General Obligation Bonds (Bt&h) .....	1,371	1,371	1,371	1,371	1,371	1,371
<b>RESOURCES</b>						
General Obligation Bonds (Resources) .....	203,060	203,060	221,103	221,103	227,440	227,440
<b>HEALTH AND WELFARE</b>						
General Obligation Bonds						
General Obligation Bonds (H&w) .....	570	570	6,129	6,129	5,867	5,867
<b>YOUTH AND ADULT CORRECTIONAL AGENCY</b>						
General Obligation Bonds						
General Obligation Bonds (Yaca) .....	90,356	90,356	134,696	134,696	172,352	172,352
<b>EDUCATION</b>						
K thru 12 Education						
General Obligation Bonds						
General Obligation Bonds (Educ-K-12) ..	62,482	62,482	91,348	91,348	116,180	116,180
Higher Education						
General Obligation Bonds						
General Obligation Bonds (Higher Education) .....	50,524	50,524	40,096	40,096	52,995	52,995
<b>OTHER GOVERNMENTAL SERVICES</b>						
Debt Service						
Bond Interest and Redemption						
Bond Interest and Redemption .....	452,339	452,339	537,943	537,943	616,859	616,859
Less Amounts Shown In Agency Totals .....	-452,339	-452,339	-537,943	-537,943	-616,859	-616,859
General Obligation Bonds						
General Obligation Bonds						
General Obligation Bonds (Other Governmental Services) .....	43,976	43,976	43,200	43,200	40,654	40,654
<b>LOCAL ASSISTANCE</b>						
<b>LEGISLATIVE, JUDICIAL, AND EXECUTIVE</b>						
Judicial						
Salaries of Superior Court Judges						
Article Iii, Section 4 of the						
State Constitution .....	706	706	-	-	-	-
<b>TOTALS, CONSTITUTIONAL REQUIREMENT ...</b>	<b>453,045</b>	<b>453,045</b>	<b>537,943</b>	<b>537,943</b>	<b>616,859</b>	<b>616,859</b>
<b>STATE OPERATIONS</b>						
<b>LEGISLATIVE, JUDICIAL, AND EXECUTIVE</b>						
Legislative						
Senate						
Government Code Section 9129 .....	51,027	51,027	59,447	59,447	61,793	61,793
Less Transfer From General Fund .....	-51,430	-51,430	-59,044	-59,044	-61,793	-61,793
Assembly						
Government Code Section 9129 .....	79,165	79,165	88,673	88,673	92,180	92,180
Less Transfer From General Fund .....	-79,356	-79,356	-88,482	-88,482	-92,180	-92,180



**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued**  
(In thousands of dollars)

Purpose and Legal Citation	Actual 1985-86		Estimated 1986-87		Estimated 1987-88	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
Contributions to Legislator Retire Fund	817	-	817	-	900	-
Government Code Section 9358 .....						
Office of the Auditor General	-	-	-	9,194	-	9,633
Government Code Section 10507 .....						
(Chapter 833, Statutes of 1985) .....				-9,194		-9,633
Less Transfer From General Fund .....	-	-	-	-	-	-
Judicial						
Contributions to Judges Retirement Fund	614	-	614	-	647	-
Government Code Section 75101 .....						
STATE AND CONSUMER SERVICES						
Department of Consumer Affairs						
Board of Accountancy	-	50	50	65	-	65
Business & Professions Code Article 10, Div 3, As Amended By Chapter 218/85 ..						
Bureau of Home Furnishings	-	-	-	18	-	-
Business & Professions Code Sec 19236 (Added By Ch 478/86) .....						
Certified Shorthand Reporters Board	-	228	228	240	-	250
Business & Professions Code Sec 8030.2 .....						
Dept of General Services	-	-	-	5,008	-	-
Education Code Section 17708 .....				2,316		-
Government Code Section 14678 .....	-	-	-	3,154	-	-
Government Code Sections 15371-15466 ..	-	-	-	510	-	-
Government Code Sections 4450-4458 .....	-	-	-	4,355	-	-
Health and Safety Code Section 15371 .....	-	-	-	76	-	-
Health and Safety Code Section 19183(B) ..	-	-	-	-	-	-
BUSINESS, TRANSPORTATION, AND HOUSING						
Business						
Dept of Housing & Community Development	-	11	11	-	-	-
Health & Safety Code Sec 6125 .....	-	188	188	-	-	-
Health and Safety Code Sec 50800.5 .....						
RESOURCES						
Special Resources Program						
Public Resources Code Sec 6217.4 (Chapter 1079/86) .....	-	-	525	-	-	-
Energy Resources Conservation & Dev Com	-	-	-	500	-	500
Public Resources Code Section 25402.1 .....						
Department of Conservation	-	-	-	-	-	94,600
Continuous Appropriation Per Ch 1290/86	-	-	-	-5,000	-	-
Less Loan From General Fund .....	-	-	-	5,000	-	-
Public Resources Code Section 14580 (Ch 1290/86-Loan From General Fund)	-	-	-	-	-	-
Department of Water Resources	-	12,494	12,494	3,405	-	1,261
Water Code Section 12938 .....						
HEALTH AND WELFARE						
Commission on Aging (Level 1)	-	173	173	325	-	325
Revenue & Taxation Code Section 18512 (Chapter 1039/83) .....						
Dept of Health Services	-	225	225	1,100	-	59
Health & Safety Code Section 25330.5 (Ch 1044/83, Sec 5)-Toxics .....						
Employment Development Dept	-	287	287	1,000	-	1,000
Unemployment Insurance Code Sec 1536 ..						
Dept of Social Services	-	-75	-75	-75	-	-
Less Transfer From General Fund .....	-	138	138	77	-	77
Welfare & Institutions Code Sec 13969 .....						

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued**  
(In thousands of dollars)

Purpose and Legal Citation	Actual 1985-86		Estimated 1986-87		Estimated 1987-88	
	General Fund	Total	General Fund	Special funds	General Fund	Special funds
<b>OTHER GOVERNMENTAL UNITS</b>						
Civil and Criminal Justice						
Office of Criminal Justice Planning						
Exp of Abolished Legal Training Funds						
Per Government Code Section 16346 .....	24	24	-	-	-	-
Regulatory						
California Exposition and Fairs						
Business & Professions Code						
Section 19622 .....	-	265	-	265	-	265
Dept of Food and Agriculture						
Business & Professions Code Sec 19596.10 ..	-	-	-	98	-	-
Business and Prof Code 19596.1						
(Chapter 1346, Statutes of 1986) .....	-	-	-	-	-	103
Food & Agriculture Code Sec 52945 .....	-	325	-	400	-	410
Food & Agriculture Code Section 221 .....	-	35,955	-	39,882	-	39,457
Food and Agriculture Code Section 226						
(Chapter 1346, Statutes of 1986) .....	-	-	-	100	-	100
Loan Repayment From Agriculture Building						
Fund Per Food & Ag Code Section 622 ..	-	-111	-	-111	-	-111
Loan Repayment From Ethanol Fuel Loan						
Program Per Food & Ag Code Section 505	-	-109	-	-109	-	-109
Fair Political Practices Commission						
Government Code Section 83122 .....	2,366	2,366	2,564	-	2,795	2,795
Public Utilities Commission						
Revenue & Taxation Code Sec 44181 .....	-	65	-	70	-	73
General Administration						
Board of Control						
Government Code Section 13967 .....	-	41,979	-	38,815	-	37,904
Government Code Section 13974.1						
(Chapter 249, Statutes of 1986) .....	-	-	-	10	-	14
<b>OTHER GOVERNMENTAL SERVICES</b>						
Debt Service						
Payment of Interest on Gen Fund Loans						
Government Code Sections 17300-17313 ....	107,340	107,340	117,400	-	80,500	80,500
Savings						
Statewide Gen. Adm Exp (Pro Rata)						
General Fund Credits From Special Funds						
Government Code Sec 13332.03 .....	-90,272	-90,272	-103,451	-	-104,407	-104,407
Government Code Sec 13332.03	-	10	-	54	-	43
(Energy Resources Programs Acct) .....	-	5	-	-	-	-
Government Code Sec 13332.03						
(Energy Resources Programs Acct) .....	-	231	-	13	-	8
(Ethanol License Plate Fund) ....	-	18	-	7	-	-
Government Code Sec 13332.03	-	16	-	3	-	-
(Ethanol License Plate Fund) .....	-	19	-	-	-	-
(Olympic ReflectORIZED Lic Plate Acct)	-	-19,000	-	-	-	-
Government Code Sec 13332.03	-	-	-	-	-	-
(Resources Acct, Energy & Resources Fd)	-	-	-	-	-	-
Government Code Sec 13332.03	-	-	-	-	-	-
(Vehicle Inspection Fund) .....	-	-	-	-	-	-
General Fund Credits From Federal Funds	-19,000	-19,000	-	-	-	-
<b>CAPITAL OUTLAY</b>						
RESOURCES						
Department of Water Resources						
Water Code Section 12538 .....	-	12,487	-	-	-	-



**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued**  
(In thousands of dollars)

Appendix 47

## Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1985-86, 1986-87, AND 1987-88—Continued**  
(In thousands of dollars)

Purpose and Legal Citation	Actual 1985-86		Estimated 1986-87		Estimated 1987-88	
	General Fund	Special funds	Total	General Fund	Special funds	Total
OTHER GOVERNMENTAL UNITS						
Civil and Criminal Justice						
Office of Criminal Justice Planning						
Exp of Abolished Legal Training Funds						
Per Government Code Section 16346 .....	226	-	226	-	-	-
Regulatory						
Dept of Food and Agriculture						
Business & Professions Code Sec 19622(B)						
(L.a. County Fair) .....	-	250	250	250	250	250
Business & Professions Code Sec 19622(C)						
(District I-A Agricultural Assoc) .....	-	250	250	250	250	250
Business & Professions Code Sec 19626						
(Citrus Fruit Fairs) .....	-	150	150	150	150	150
Business & Professions Code Sec 19627						
(County & District Agricultural Assoc) ..	-	6,335	6,335	6,460	6,460	6,460
Business and Prof Code 19596.5(C) .....	-	-	-	6,975	-	-
Business and Professions Code						
Section 12539 .....	-	42	42	45	45	45
Business and Professions Code						
Section 19627.2 .....	-	291	291	568	225	225
Business and Professions Code						
Section 19627.3 .....	-	2,210	2,210	2,298	2,250	2,250
Business and Professions Code						
Section 19630 .....	-	5,810	5,810	9,301	5,690	5,690
Business and Professions Code Section						
19596.5(C) .....	-	-	-	-	452	452
Food and Agriculture Code Sec 2294(C) .....	-	4,692	4,692	4,000	4,000	4,000
Food and Agriculture Code Section 12844						
(Pesticide Mill Tax) .....	-	4,366	4,366	4,633	4,633	4,633
General Administration						
Commission on State Mandates						
Government Code Section 17614 .....	-	-	-	741	-	-
Less Transfer From General Fund	-	-5,000	-5,000	-741	-	-
OTHER GOVERNMENTAL SERVICES						
Tax Relief						
Local Government Financing						
Government Code Sec 16111(A)	73,408	-	73,408	34,566	25,380	25,380
Revenue Distributions						
Shared Revenues						
Apportionment Hwy Prop Rental Receipts						
Streets & Highways Code Sec 104.6 &						
104.10 .....	-	3,375	3,375	-	3,770	3,770
Apportionment Off Highway License Fees						
Vehicle Code Sections 38230 & 38240 .....	-	782	782	-	927	927
Apportionment Tideland Revenues						
Public Resources Code Section 6817 .....	466	-	466	450	-	450
Unclassified						
Universal Telephone Service Program						
Section 4418, Revenue & Tax Code						
(Chapter 1143, Statutes of 1983) .....	-	41,062	41,062	64,741	64,757	64,757
TOTALS, STATUTORY AUTHORIZATIONS .....	409,627	2,334,333	2,743,960	325,695	397,797	3,212,626
TOTAL AUTHORIZED BY CONSTITUTION AND						
STATUTES .....	862,672	2,334,333	3,197,005	863,638	1,014,656	3,829,485
TOTALS, BUDGET ACT AND OTHER AUTHORI-						
ZATIONS .....	27,978,641	2,855,948	30,834,589	30,026,163	30,248,912	34,089,698
TOTALS, ALL AUTHORIZATIONS .....	28,841,313	5,190,281	34,031,594	30,889,801	31,263,568	37,929,093

**Schedule 13**  
**STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1986**  
**GENERAL OBLIGATION BONDS**

(This statement does not include bonds issued under authority of State instrumentalities  
that are not general obligations of the State of California)

<i>Name of issue</i>	<i>Percent rate of interest</i>	<i>Maturity</i>	<i>Authorized *</i>	<i>Unsold *</i>	<i>Redemptions *</i>	<i>Outstanding *</i>
<b>GENERAL FUND BONDS</b>						
State Construction Program Bonds .....	.05-5.8	1959-1994	\$1,050,000	-	\$890,650	\$159,350
State Higher Education Construction Program Bond Act of 1966.....	3.5-6.5	1968-1993	230,000	-	176,650	53,350
Junior College Construction Program Bond Act of 1968 .....	3.5-5.8	1970-1991	65,000	-	50,800	14,200
Health Science Facilities Bond Act of 1971 .....	3.75-6.0	1974-1998	155,900	-	74,110	81,790
Community College Construction Program Bond Act of 1972 .....	3.75-6.5	1974-1997	160,000	-	91,250	68,750
State Beach, Park, Recreational and Historical Facilities Bonds .....	3.1-11.0	1967-2003	400,000	-	233,690	166,310
Recreation and Fish and Wildlife Enhancement Bond Act of 1970 .....	4.0-6.5	1972-1995	60,000	-	39,500	21,500
Fish and Wildlife Habitat Enhancement Act of 1984 .....	5.7-11.0	1986-2005	85,000	\$55,000	1,500	28,500
California Clean Water Bond Act of 1970.....	3.5-6.5	1972-1997	250,000	10,000	148,000	92,000
California Clean Water Bond Act of 1974.....	4.4-11.0	1978-2000	250,000	20,000	85,875	144,125
California Clean Water Bond Act of 1984.....	3.0-11.0	1986-2005	325,000	300,000	1,250	23,750
California Clean Water and Water Conservation Bond Law of 1978 .....	5.0-11.0	1981-2006	375,000	45,000	64,915	265,085
California Safe Drinking Water Bond Law of 1976 .....	5.25-11.0	1981-2012	175,000	15,000	17,625	142,375
California Safe Drinking Water Bond Law of 1984 .....	7.0-11.0	1986-2005	75,000	55,000	1,000	19,000
California Safe Drinking Water Bond Law of 1986 .....	-	-	100,000	100,000	-	-
State Urban and Coastal Park Bond Act of 1976 .....	3.0-11.0	1978-2005	280,000	25,000	84,065	170,935
Parklands Acquisition and Development Program Bond Act of 1980.....	3.0-11.0	1982-2006	285,000	45,000	49,255	191,745
California Park and Recreational Facilities Act of 1984 .....	3.0-11.0	1985-2006	370,000	275,000	3,500	91,500
New Prison Construction Bond Act of 1981.....	5.0-11.0	1983-2006	495,000	-	45,000	450,000
New Prison Construction Bond Act of 1984.....	5.0-11.0	1985-2006	300,000	-	12,500	287,500
New Prison Construction Bond Act of 1986.....	-	-	500,000	500,000	-	-
County Jail Capital Expenditure Bond Act of 1981 .....	5.75-11.0	1984-2006	290,000	130,000	9,600	140,400
County Jail Capital Expenditure Bond Act of 1984 .....	5.75-11.0	1986-2006	250,000	125,000	3,750	121,250
First Time Home Buyers Bond Act of 1982 .....	7.25-9.25	1988-1999	200,000	185,000	-	15,000
Lake Tahoe Acquisitions Bond Act .....	5.5-11.0	1986-2006	85,000	55,000	500	29,500
State School Building Lease-Purchase Bond Law of 1982 .....	5.7-11.0	1985-2005	500,000	-	66,955	433,045
State School Building Lease-Purchase Bond Law of 1984 .....	5.5-11.0	1987-2006	450,000	200,000	-	250,000
State School Building Lease-Purchase Bond Law of 1986 .....	-	-	800,000	800,000	-	-
Hazardous Substance Cleanup Bond Act of 1984 .....	3.0-11.0	1986-2005	100,000	50,000	2,500	47,500
Senior Center Bond Act of 1984 .....	5.5-10.5	1986-2006	50,000	-	250	49,750
Community Parklands Act of 1986 .....	-	-	100,000	100,000	-	-
County Correctional Facility Capital Expenditure Bond Act of 1986.....	-	-	495,000	495,000	-	-
Water Conservation and Water Quality Bond Law of 1986.....	-	-	150,000	150,000	-	-
Higher Education Facilities Bond Act of 1986 .....	-	-	400,000	400,000	-	-
Totals, General Fund Bonds.....			\$9,845,900	\$4,135,000	\$2,152,690	\$3,558,210



**Schedule 13**  
**STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1986—Continued**  
**GENERAL OBLIGATION BONDS**

(This statement does not include bonds issued under authority of State instrumentalities that are not general obligations of the State of California)

<i>Name of issue</i>	<i>Percent rate of interest</i>	<i>Maturity</i>	<i>Authorized *</i>	<i>Unsold *</i>	<i>Redemptions *</i>	<i>Outstanding *</i>
<b>PARTIALLY SELF-LIQUIDATING BONDS <sup>1</sup></b>						
State School Building Bonds.....	.05-9.0	1955-2001	\$2,140,000	\$40,000	\$1,649,430	\$450,570
<b>SELF-LIQUIDATING BONDS <sup>2</sup></b>						
California Water Resources Development Bond Act of 1959 .....	.05-6.75	1973-2022	\$1,750,000	\$180,000	\$194,790	\$1,375,210
<b>HARBOR BONDS</b>						
San Francisco Harbor Improvement and India Basin Act of 1909 .....	1.5-4.0	1941-1989	\$29,303	-	\$23,928	\$375
Harbor Development Bond Law of 1958 <sup>3</sup> .....	1.0-5.5	1964-1998	60,000	-	46,580	13,420
Totals, Harbor Bonds .....			\$89,303	-	\$75,508	\$13,795
<b>VETERANS FARM AND HOME BUILDING BONDS</b>						
Veterans Bonds .....	.05-11.0	1958-2010	\$5,950,000	850,000	\$2,215,000	\$2,885,000
Totals, Self-Liquidating Bonds .....			\$9,929,303	\$1,070,000	\$4,134,728	\$4,724,575
<b>TOTALS, ALL GENERAL OBLIGATION BONDS .....</b>			<b>\$19,775,203</b>	<b>\$5,205,000</b>	<b>\$6,287,418</b>	<b>\$8,282,785</b>

<sup>1</sup> The state school building issues debt service payments are partially refinanced with funds of the borrowing school districts over a 30- to 40-year repayment period as prescribed by statutes.

<sup>2</sup> The California Water Resource Development Bond Act, the San Francisco Harbor Improvement Acts, and the Veterans Bond Acts are public service enterprises that have their own revenues to finance their respective debt service expenditures.

<sup>3</sup> The Harbor Development Bond Law of 1958 includes an authorization of \$50,000,000 for San Francisco harbor development and \$10,000,000 for the development of small craft harbors as provided by Chapter 103, Statutes of 1958, First Extraordinary Session.

\* Dollars in thousands

## NOTES

## NOTES



## NOTES

## NOTES

## NOTES



## NOTES



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